State of Iowa

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2009

Cover: Shattering Silence Monument, Iowa State Capitol Grounds

The story of Ralph……

In 1834, a Missouri resident named Jordan Montgomery entered into an agreement with his slave, Ralph, which allowed Ralph to reside in the Iowa Territory to earn enough money to purchase his freedom. Ralph traveled to Dubuque, Iowa, where he found a job working in the lead mines. After five years, Ralph failed to earn the amount of money needed to repay his debt. As a result, bounty hunters attempted to seize Ralph and return him to Missouri. An Iowa farmer named Alexander Butterworth knew of the situation and wanted to stop the bounty hunters so he went to the local judge, Thomas Wilson. Judge Wilson intervened and suggested Ralph's case be heard by the Supreme Court of the Iowa Territory.

On July 4, 1839, ***In the Matter of Ralph***, the court ruled in Ralph's favor. The court found that Ralph should pay his debt but contended that "no man in this territory can be reduced to slavery," thereby confirming Iowa's position as a free territory. The court rejected the argument that Ralph was a fugitive slave, reasoning that by allowing him to leave Missouri and reside in a free state (territory), Montgomery could no longer exercise any right over him in the Iowa Territory. The unanimous ruling was the first case handed down by the Iowa Supreme Court, one year after becoming a territory and seven years before becoming a state.

The U.S. Supreme Court faced a similar question in 1857 when it ruled on the ***Dred Scott v. Sandford*** case. However, unlike the Iowa Supreme Court's ruling ***In the Matter of Ralph***, the U.S. Supreme Court maintained the rights of the slave holder and ordered the slave returned.

In 1874, the Iowa Legislature adopted Iowa's motto – "Our Liberties We Prize and Our Rights We Will Maintain."

This story was an inspiration to Iowa artist James Ellwanger when he created Shattering Silence (pictured on the cover). The sculpture is located west of the Judicial Building and stands 28 feet tall and reaches over 32 feet across. A ring of Dubuque limestone surrounds 16 wedges of brushed steel designed to resemble shards of a broken mirror. The monument site includes a carved stone bench which tells the story of Ralph and Alexander Butterworth's decision to act.

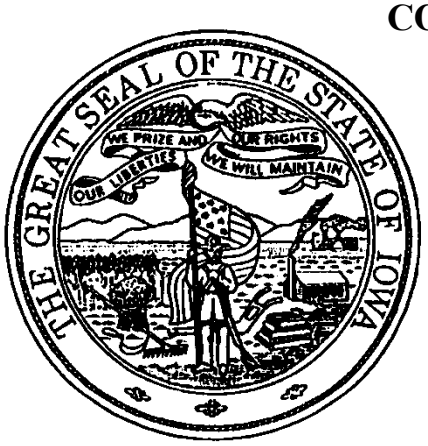
"Small actions create huge ripples. You can
change the place you live just by taking a stand."

-- James Ellwanger

Shattering Silence was funded with private donations. To learn more about this monument and other monuments and memorials on the State Capitol grounds, please visit http://das.gse.iowa.gov/monuments/index.html.

Photographs by the Iowa Department of Administrative Services, 2009

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Fiscal Year Ended June 30, 2009

GOVERNOR:
Chester J. Culver

PREPARED BY:
The Iowa Department of Administrative Services - State Accounting Enterprise

STATE OF IOWA

Comprehensive Annual Financial Report
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ACKNOWLEDGMENTS

INTRODUCTORY SECTION

December 18, 2009

TO THE CITIZENS, GOVERNOR AND MEMBERS OF THE IOWA GENERAL ASSEMBLY

In accordance with Iowa Code Section 8A.502(8), we are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the State of Iowa for the fiscal year ended June 30, 2009. As required by State statute, this report has been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) for governments as promulgated by the Governmental Accounting Standards Board (GASB).

The Department of Administrative Services and the Department of Management are responsible for both the accuracy of the presented data and the completeness and fairness of the presentation. We believe the information presented is accurate in all material respects and the necessary disclosures have been made in order to enable the reader to understand the State's financial activity.

The State's system of internal controls over assets recorded in the accounting system have been designed to provide reasonable, but not absolute, assurance that assets are safeguarded against unauthorized use or disposition and that financial records from all appropriate sources are reliable for preparing financial statements and maintaining accountability. The concept of reasonable assurance recognizes the cost of internal controls should not exceed the benefits likely to be derived from their use. To monitor the adequacy of internal controls, the Auditor of State reviews internal control procedures as an integral part of departmental audits.

The Auditor of State is required by Chapter 11 of the Code of Iowa to audit annually all departments of the State. The accompanying basic financial statements of the State of Iowa have been audited by the Auditor of State in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. His report appears elsewhere herein. In addition, the Auditor of State conducts a single audit under the requirements set forth in the Single Audit Act of 1984, the Single Audit Amendments of 1996 and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". That report is issued separately.

The Auditor of State issued a qualified audit opinion due to a scope limitation on the fiscal year ended June 30, 2009 comprehensive annual financial report. See pages 16 and 17 for his report. A scope limitation indicates the Auditor of State did not audit all material aspects of the State's financial statements. The Department of Administrative Services and the Department of Management assert without exception that all financial records and related data were made available in a timely manner to allow the Auditor of State to conduct his audit, and

maintain strongly that the State's financial statements are fairly presented in conformity with GAAP.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

PROFILE OF THE GOVERNMENT

The State of Iowa was admitted into the Union as the 29th state in 1846. Iowa is a midsize state with a mid-continent location. It covers 55,869 square miles, making it the 25th largest state in the United States. The Mississippi River carves out Iowa's eastern border, while the flow of the Missouri and Big Sioux Rivers form the western border. Iowa has a population of 3.0 million.

In Iowa, government power is distributed among three branches. The Legislative branch creates laws that establish policies and programs; the Executive branch carries out the policies and programs created in the laws and the Judicial branch resolves any conflicts arising from interpretation or application of the laws. The Executive branch agencies are the Governor, Lieutenant Governor, Secretary of State, Treasurer of State, Secretary of Agriculture, Attorney General and Auditor of State, as well as 30 agencies lead by appointed State officials. The Legislative branch is compromised of two houses, a 50 member Senate and a 100 member House of Representatives. The Judicial branch is presided over by the Iowa Supreme Court, which is led by the Chief Justice of the Supreme Court.

The State provides a range of services such as education, health and human services, highway maintenance and construction, natural resources and agriculture management, law enforcement, public safety and economic development programs.

This report includes all of the fund types, departments and agencies of the State, as well as the boards, commissions, authorities and universities for which the State is financially accountable. Component units also included in the report are the Iowa Finance Authority, Iowa Higher Education Loan Authority, Iowa Agricultural Development Authority, Iowa State Fair Authority and University Foundations. The reader is directed to Note 1.B in the Notes to the Financial Statements for a more complete description of the factors used to define the reporting entity.

State Budget and Budgetary Controls. The annual budgetary process serves as the foundation for the State's financial planning and control. Each year state departments submit budget requests to the Governor's Office by October 1. The State's budget is prepared by the Governor on an annual basis and is required to be submitted, along with proposed appropriation bills, to the General Assembly by the first of February prior to the new fiscal year. The General Assembly approves appropriation bills which establish spending authority for the upcoming fiscal year. The Governor has the ability to approve, veto or item veto appropriation bills as they are presented to him.

Departments may request revisions to allotments, appropriations transfers, or supplemental appropriations. The Department of Management approves revised allotments within an appropriation, subject to the Governor's review. The Governor and the Department of Management approve all appropriation transfers. The General Assembly and the Governor act on supplemental appropriation bills in a manner similar to original appropriations.

Appropriations lapse at fiscal year-end and all unencumbered or unobligated balances revert to the state treasury, unless otherwise provided.

All claims presented for payment must be approved by the appropriate department. The expenditure must be for a purpose intended by law and a sufficient existing and unexpended appropriation balance must be available. Budgetary controls are incorporated into State accounting systems. The annual budget of the State is established through separate appropriations to individual departments for specific purposes, special outlays and/or operating expenditures. Budgetary control is essentially maintained at the departmental level except for certain grant and aid programs where control is maintained at the program level.

ECONOMIC CONDITION AND OUTLOOK

National Economic Outlook 2009-2010

In December 2008, the National Bureau of Economic Research made the official determination that the national economy began the current recession starting in December 2007. During fiscal year 2009, every quarter saw a decline in real gross domestic product. The worsening position of the economy reflected extreme pessimism as unemployment jumped sharply, housing continued to plummet and confidence over government rescue and stimulative programs waned. As a result, overall real gross domestic product in fiscal year 2009 fell at an estimated 2.2 percent nationally.

The rising level of job loss is perhaps the major ingredient behind the continuing erosion in consumer attitudes. Employment has been on a decline in the United States since the end of calendar year 2007. During fiscal year 2008-2009, 5.6 million jobs were lost nationally.

The consumer sector, which generally accounts for two-thirds or more of total spending in the economy, has been weak. Following the worst holiday season spending in years at the end of 2008, consumer spending, particularly on long-lasting durable goods, has remained depressed. For example, questions over the viability of the American auto producers led to the slowest sales in almost three decades as new U.S. auto sales fell 41% in February. Weak consumer spending reflects the sharp deterioration in consumer attitudes that show no signs of any near term improvement.

A major source of consumer spending in recent years has been achieved through the increased use of home equity loans as home prices continued to increase at a rapid pace. Thus, consumers were using the increased home value to supplement income for various uses from college expenses for their children, to remodeling their homes, to other large-ticket items. Also, as home prices kept rising and interest rates came down, many refinanced their homes, which increased their spendable cash. Indeed, given the continued rise in home prices many found they could purchase a home with little or no down payment and often at a subprime or adjustable interest rate. This of course had an impact once home prices stopped increasing.

Not only has consumer net worth been reduced by the declining value of real estate, but also the financial crises has sharply reduced the value of their investments. Indeed, in early March 2008, the Dow Jones Average had reached half its earlier peak value, although there has been improvement in recent months.

State and Local Economy

Iowa's economy is supported by a diverse mixture of industry, agriculture, services and government employment. In calendar year 2008, 23.2 percent of the state's gross domestic product was in manufacturing, slightly up from 10 years ago. Finance and insurance has grown over the past 10 years from 8.3 percent of the total gross domestic product to 10.1 percent. With the growth in renewable fuels processing in Iowa, higher grain and livestock prices, agriculture has grown from 2.2 percent in 1999 to 5.7 percent in 2008. The government sector dropped from 12.1 percent in 1999 to 10.2 percent in 2008.

Gross Domestic Product. The gross domestic product is the U.S. Commerce Department's measure of the value of all goods and services produced in Iowa each year. In calendar year 2008, Iowa's real gross domestic product grew by 2.1 percent ranking Iowa 8th highest in growth rate nationally. Contributing to this change were agriculture, forestry, fishing and hunting (10.1 percent growth), professional and technical services (8.6 percent), and educational services (4.7 percent). The United States average growth during the calendar year was 0.7 percent.

Personal Income. Personal income as reported by the U.S. Department of Commerce, for the nation dropped 0.8 percent during fiscal year 2009. For the plains region, of which Iowa is a part, personal income during fiscal year 2009 rose 1.05 percent. Iowa's personal income rose 2.0% during the fiscal year, placing Iowa third of the fifty states and the District of Columbia in personal income growth during this time period, behind only West Virginia and North Dakota.

Employment. Over the past 10 years, Iowa's unemployment rate has been between one and three percentage points below the national average. As of June 2009, the state unemployment rate stood at 6.2 percent, while the national average stood at 9.5 percent. Following the national trend, unemployment at the state level has grown during fiscal year 2009, from 4.1 percent in July 2008 to 6.2 percent in June 2009. Nonfarm employment on a seasonally adjusted basis dropped 44,700 jobs. A majority of the drop was in manufacturing, specifically in durable goods manufacturing which lost 23,000 of the total 26,100 jobs lost in the manufacturing sector. Job loss also occurred in the professional and business sector with 12,000 jobs lost and construction with 9,000 jobs lost. Some growth has occurred in the state economy over the past fiscal year with the education and health sector adding 3,000 jobs, trade and transportation adding 3,000 jobs, and government adding 500 jobs.

Exports. The rise in exporting industries has been an important factor in Iowa's economic growth since the 1990's. Growth in exports of industrial machinery, instruments and measurement devices, electronics, specialized transportation equipment, chemicals and pharmaceuticals, and processed food products have helped diversify Iowa's economy. When combined with traditional farm commodities and livestock, total exports from Iowa has continued to increase. Specifically, the last ten years have seen steady and strong growth. From 2007 to 2008 Iowa exports increased 25.6 percent and accounts for about 0.9 percent of the total exports from the United States.

Canada continues to maintain the top country for Iowa's exports, with Mexico being Iowa's second best trading partner. Iowa's record level of exports has been fueled by large percentage increases in machinery and agricultural products.

Agriculture. The agricultural sector continues to be a strong presence in Iowa. Approximately 93 percent of the land area in the state is in farms. The U.S. Department of Agriculture reported in 2007, Iowa led the nation in the production of pork and corn, and was second in soybeans and red meat production. Iowa was second in the nation in overall agricultural export value for 2007 at $5 billion, being first in soybean and feed grain exports.

Farmland Values. The Federal Reserve Bank of Chicago, in their most recent public release, stated that the agricultural section continued to deal with challenging circumstances as evidenced by the dollar value for Iowa "good" farmland values rise in the calendar quarter of July 1, 2009 to October 1, 2009 by 4.0 percent. However, for the calendar year October 1, 2008 to October 1, 2009, the value of Iowa "good" farmland had dropped in value by 7 percent. Bankers responding to the survey sent out by the Chicago Federal Reserve Bank thought that land values will remain stable the last quarter of calendar year 2009.

Manufacturing. Iowa's manufacturing employment dropped to an average of 227,800 for 2008, down from the 2007 level of 229,500. During calendar year 2008, durable goods products accounted for about 60.9 percent of manufacturing employment, and also accounted for most of the drop in employment.

2008 Natural Disasters. Late May and June 2008, Iowa was hit hard by tornadoes, storms and flooding. The Governor declared 86 out of the 99 counties disaster counties and 85 out of the 86 counties were declared Presidential disaster counties. 18 peopled died during the storms and floods with 106 people injured and an estimated 38,000 people displaced. Billions of dollars have been estimated in damages, with $3.6 billion in federal and state assistance being approved as of November 9, 2009.

Financial Policies

The Governor and General Assembly have statutory responsibility to balance the budget.

- Spending is limited to 99.0 percent of adjusted revenues, 95.0 percent of any new revenue implemented in a fiscal year, and any carry-over from the previous year.
- The Governor and the Legislature are required to use the revenue estimates agreed to by the December Revenue Estimating Conference or the spring estimate if it is lower, as a basis to determine the General Fund budget for the following year.
- Two reserve funds have been created: the Cash Reserve Fund and the Economic Emergency Fund. Expenditures from these funds are limited by statute for nonrecurring emergency expenditures.

MAJOR INITIATIVES AND ISSUES

I-JOBS. During the 2009 session, Governor Culver proposed and the Legislature adopted Governor Culver's signature initiative, the I-JOBS Program, to strengthen Iowa's economy, help Iowa recover from the 2008 natural disasters and preserve or create thousands of jobs. The $830 million three-year program focuses on the following key areas: funding for Iowa Veterans Home, community colleges, and other public improvements - $285 million; disaster recovery and prevention - $165 million; improving Iowa's transportation infrastructure - $115 million; rebuilding Iowa's universities - $115 million; improving Iowa's environment and water quality - $80 million; meeting Iowa's housing needs - $35 million; and investing in telecommunications and renewable energy - $35 million. Funding for this program comes from several sources with the largest part - $545 million - coming from bonds issued on July 16, 2009 to be repaid with

gaming revenues. This bond issuance, made up of a combination of tax-exempt bonds and the new taxable Buy America Bonds made the cut as one of the top ten of the country's best financings during 2009, according to the *Bond Buyer*, the premier newspaper dedicated to the municipal bond industry.

Alternative Energy Initiatives. Governor Culver recommended and the Legislature passed $24 million for the third year of Governor Culver's multi-year $100 million Iowa Power Fund initiative. This fund provides financial assistance to entities committed to the areas of research, development and use of sources of renewable energy. As of November 10, 2009, more than $35.8 million in Iowa Power Fund moneys have been committed to 24 projects, leveraging an estimated $187.6 million in additional private investments.

AWARDS AND ACKNOWLEDGMENTS

Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Iowa for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the sixteenth consecutive year the State of Iowa has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report would continue to meet the Certificate of Achievement Program's (Program) requirements except for the qualified audit opinion due only to a scope limitation, as discussed previously. An unqualified audit opinion is one of the requirements of the Program and, consequently, the fiscal year 2009 comprehensive annual financial report is ineligible for another certificate.

Acknowledgment. The preparation of this report on a timely basis requires the collective efforts of numerous finance personnel throughout the State and is made possible only with the cooperation and support of the Executive, Legislative and Judicial branch agencies, universities and component units of the State.

This report could not have been accomplished without the professionalism and dedication of the staff in the Department of Management, the State Accounting Enterprise within the Department of Administrative Services, the Auditor of State's Office, and the financial and management personnel throughout State government.

This report, issued for the twenty-first consecutive year, continues our commitment to the citizens of the State of Iowa, the Governor, the Legislature and the financial community, to maintain our financial statements in conformance with the highest standards of financial accountability.

Respectfully submitted,

Ray Walton

Ray Walton, Director
Department of Administrative Services

Richard C. Oshlo, Jr.

Richard C. Oshlo, Jr., Interim Director
Department of Management

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Iowa

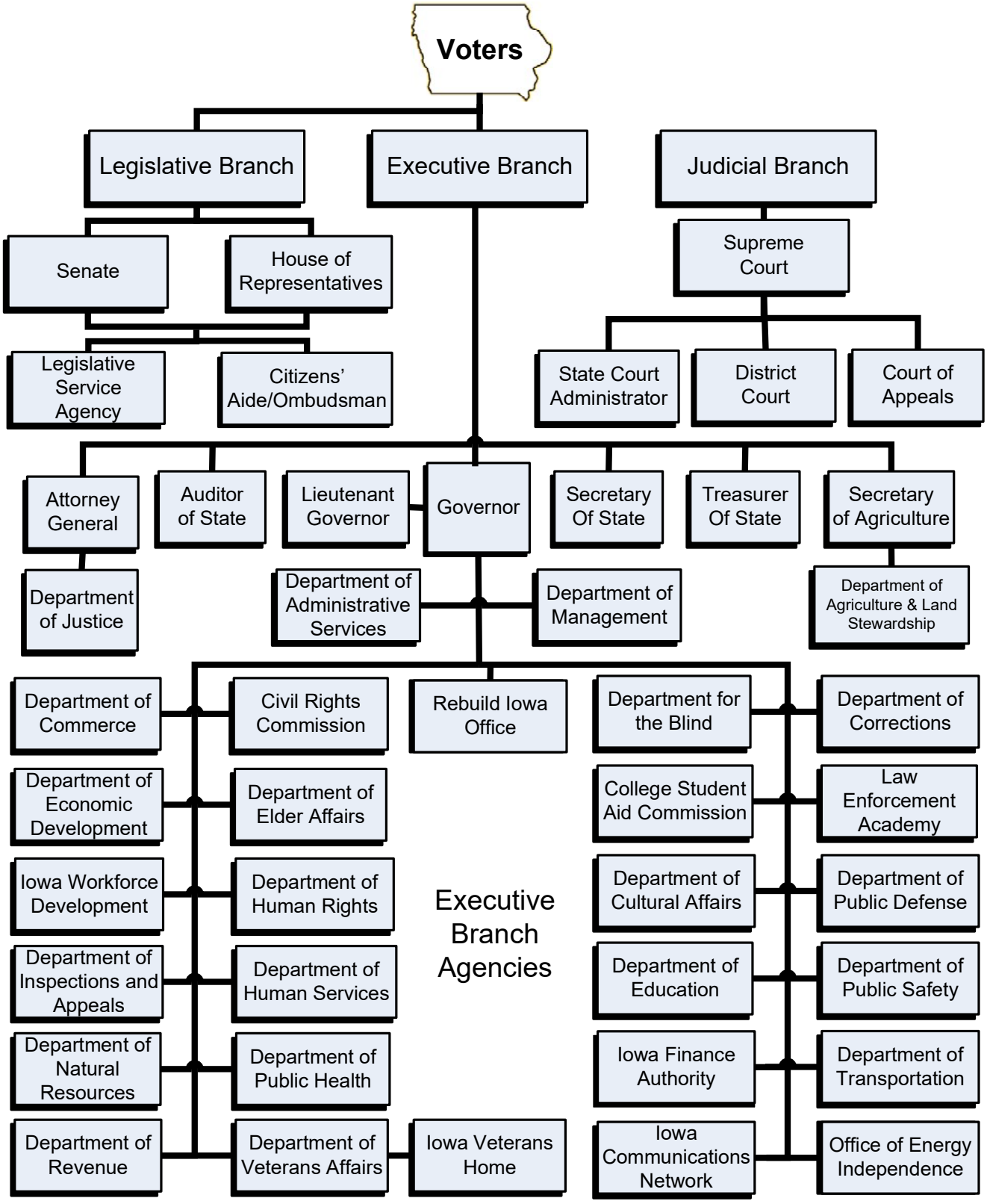
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

State of Iowa Organizational Chart



Prepared for the Fiscal Year 2009 Comprehensive Annual Financial Report, July 2009

Principal Officials

Elected Officials

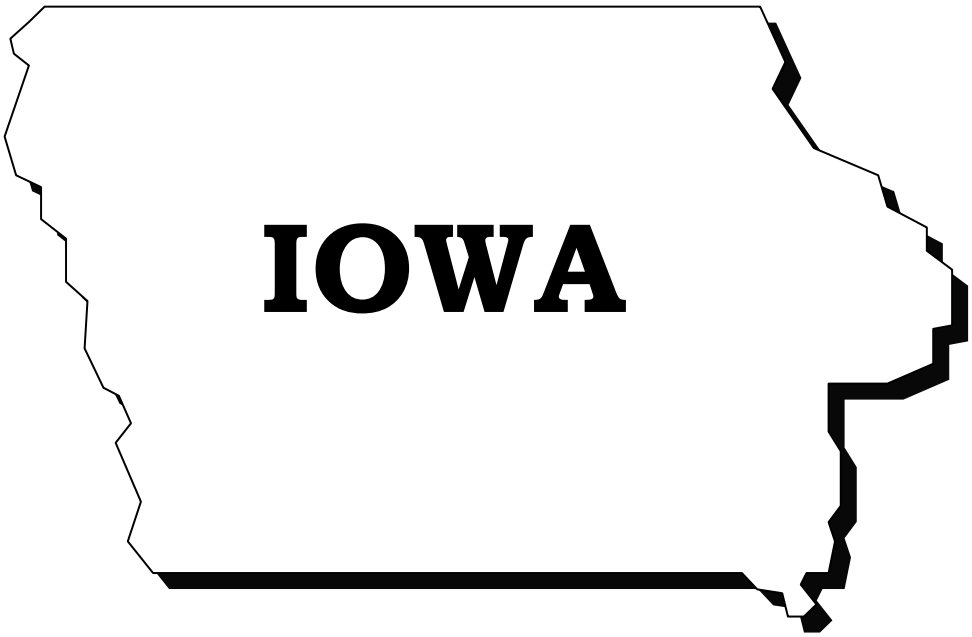
GOVERNOR	-	**Chester J. Culver**
LIEUTENANT GOVERNOR	-	**Patty J. Judge**
SECRETARY OF STATE	-	**Michael A. Mauro**
AUDITOR OF STATE	-	**David A. Vaudt**
TREASURER OF STATE	-	**Michael L. Fitzgerald**
SECRETARY OF AGRICULTURE	-	**William H. Northey**
ATTORNEY GENERAL	-	**Thomas J. Miller**

Legislative Branch

PRESIDENT OF THE SENATE	-	**John P. Kibbie**
SPEAKER OF THE HOUSE OF REPRESENTATIVES	-	**Patrick J. Murphy**

Judicial Branch

CHIEF JUSTICE OF THE SUPREME COURT	-	**Marsha K. Ternus**


IOWA

FINANCIAL SECTION

OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

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Independent Auditor's Report

To the Governor and Members of the General Assembly:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of Iowa as of and for the year ended June 30, 2009, which collectively comprise the State's basic financial statements listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Tobacco Settlement Authority, a major governmental fund, and certain discretely presented and blended component units, which statements reflect 98% of assets and 88% of revenues of the discretely presented component units and 22% of assets and 6% of revenues of the nonmajor special revenue funds, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the major fund and these discretely presented and blended component units, are based on the reports of the other auditors.

Except as discussed in the following paragraph, we conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Iowa Higher Education Loan Authority, the Universities Foundations and the Iowa Public Television Foundation were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit and the reports of the other auditors provide a reasonable basis for our opinions.

Due to a significant reduction in the appropriation provided to the Office of Auditor of State (Office) to fund audit work on state departments which do not reimburse the Office for audit work performed, primarily relating to the General Fund and governmental activities, we were unable to perform sufficient audit procedures on fourth quarter revenues, expenditures and cut off between fiscal years to satisfy ourselves as to the proper recording of revenues and expenditures of the General Fund and the governmental activities for the year ended June 30, 2009.

In our opinion, based on our audit and the reports of the other auditors, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to perform sufficient audit procedures on fourth quarter revenues, expenditures and cut off between fiscal years to satisfy ourselves as to the proper recording of revenues and expenditures of the General Fund and the governmental activities for the year ended June 30, 2009, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund, a major fund, as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles. Also in our opinion, based on our

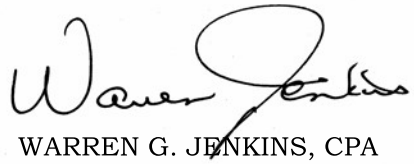
audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, each major fund except the General Fund and the aggregate remaining fund information of the State of Iowa as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedules of Funding Progress on pages 18 through 28 and 108 through 115 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Iowa's basic financial statements. The supplementary information and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with Government Auditing Standards, our report on the State of Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters will be issued under separate cover. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

December 18, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of the State of Iowa's Comprehensive Annual Financial Report (CAFR) presents a discussion and analysis of the State's financial performance during the fiscal year that ended on June 30, 2009. Readers are encouraged to consider this information in conjunction with the letter of transmittal located at the front of the CAFR and the State's financial statements, which follow this section of the CAFR.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide Highlights

- The assets of the State of Iowa exceeded its liabilities at the close of fiscal year 2009 by $12,104.4 million (net assets). Of this amount $1,113.3 million (unrestricted net assets) is available to be used to meet the State's ongoing obligations to citizens and creditors.
- Total net assets decreased $238.1 million in the fiscal year ended June 30, 2009. Net assets of governmental activities decreased $165.9 million, or 2.1%, while net assets of business-type activities decreased $72.2 million, or 1.6%.
- In the State's governmental activities, revenues increased 8.7% to $13,210.5 million while expenses increased 12.2% to $12,763.9 million.
- For business-type activities, revenues increased 13.7% to $3,981.6 million while expenses increased 19.7% to $4,669.8 million.

Fund Highlights

- The State's governmental funds reported a combined ending fund balance of $2,212.4 million, a $461.0 million decrease from the prior year. Of this amount, $270.8 million represents unreserved fund balances and the remaining $1,941.6 million is reserved for specific purposes.
- The General Fund total fund balance decreased $372.8 million to $1,923.9 million and the unreserved fund balance decreased $315.7 million to $802.8 million at June 30, 2009.
- The proprietary funds reported net assets at year-end of $4,617.9 million, a decrease of $71.6 million.

Long-term Debt

- The State's total long-term debt increased $57.9 million, or 2.5%, to $2,337.0 million during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Section of the CAFR consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information and an optional section that presents supplementary information.

Basic Financial Statements

The basic financial statements include the government-wide financial statements, the fund financial statements and the notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are intended to provide a broad view of the State's financial activity. These statements are prepared using the accrual basis of accounting and the economic resources measurement focus, in a manner similar to private-sector business.

- The *Statement of Net Assets* presents all of the State's assets and liabilities, with the difference between the two reported as "net assets." Over time, increases or decreases in the State's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

- The *Statement of Activities* presents information about the change in the State's net assets. This statement is formatted to report direct expenses, program revenues and the net revenues or expenses for each of the State's governmental functions and business-type activities. This format identifies the extent to which each function is self-financed or is supported by the general revenues of the State.

The government-wide financial statements of the State are divided into three categories:

- *Governmental activities* – Most services generally associated with State government, such as administration & regulation, education, health & human rights, human services, justice & public defense, economic development, transportation and agriculture & natural resources, are included in this category.
- *Business-type activities* – State operations such as the Universities and the Unemployment Insurance Fund that charge fees to external customers and function similarly to private business are included here.
- *Component units* – These are operations that are legally separate from the State, but for which the State is financially accountable. The State's discretely presented component units are:
    - Iowa Finance Authority (Business-type)
    - Iowa Higher Education Loan Authority (Business-type)
    - Iowa Agricultural Development Authority (Business-type)
    - Iowa State Fair Authority (Business-type)
    - University of Iowa Foundation (Business-type)
    - Iowa State University Foundation (Business-type)
    - University of Northern Iowa Foundation (Business-type)

  Additional information about the State's component units is presented in NOTE 1-B of the Notes to the Financial Statements.

Fund Financial Statements

The fund financial statements provide more detailed information about the State's most significant funds. The State has three types of funds:

- *Governmental funds* – Most of the basic services provided by the State are accounted for in governmental funds. Governmental funds use the modified accrual basis of accounting and the flow of current financial resources measurement focus. Modified accrual accounting is used to show the flow of financial assets of the funds and the balances available for spending at year-end. These statements provide a detailed *short-term* view that assists in determining whether there are adequate financial resources available to meet the current needs of the State. Because this information does not encompass the long-term focus of the government-wide statements, reconciliation schedules accompany the governmental funds statements. The General Fund, Tobacco Settlement Authority and Tobacco Collections Fund are the State's major governmental funds. Nonmajor governmental funds are reported by fund type in the Combining Financial Statements – Nonmajor Funds.
- *Proprietary funds* – Services for which the State charges customers a fee are generally reported in proprietary funds. Proprietary funds use the accrual basis of accounting and, like the government-wide statements, provide both long-term and short-term financial information.
    - The State's enterprise funds (one type of proprietary fund) are used to report activities, such as universities, that are presented as business-type activities in the government-wide statements.
    - The State's internal service funds (the other type of proprietary fund) are used to account for activities that provide supplies and services for other State programs and activities – such as the Workers' Compensation Fund.

  The University Funds and the Unemployment Benefits Fund are the State's major proprietary funds. Nonmajor proprietary funds are reported by fund type in the Combining Financial Statements – Nonmajor Funds.
- *Fiduciary funds* – These funds are used to show assets held by the State as trustee or agent for others outside the State, such as the Iowa Public Employees' Retirement System and the Iowa Educational Savings Plan Trust. Similar to proprietary funds, these funds use the accrual basis of accounting. Because the State cannot use these assets to finance its operations, fiduciary funds are not included in the government-wide financial statements discussed above.

Table 1

Major Features of the State's Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire State government (except fiduciary funds) and the State's component units	The activities of the State that are not proprietary or fiduciary, such as Human Services and Transportation	Activities the State operates similar to private businesses: the universities and the Iowa Communications Network	Instances in which the State is the trustee or agent for someone else's resources, such as the retirement plan for public employees
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net assets Statement of revenues, expenses, and changes in fund net assets Statement of cash flows	Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the State's funds do not contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Notes to the Financial Statements

The notes provide additional information that is essential to fully understand the government-wide and fund financial statements. The notes also explain some of the information contained in the financial statements and present more detail than is practical in the financial statements.

Required Supplementary Information

In addition to this Management's Discussion and Analysis, Required Supplementary Information (RSI) includes the Budgetary Comparison Schedule. This schedule presents both the original and final appropriated budget for major funds. The Budgetary Comparison Schedule is accompanied by a Budget to GAAP Reconciliation and by Notes to RSI. Schedules of funding progress for the Judicial Retirement System, the Peace Officers' Retirement, Accident and Disability System and Other Postemployment Benefits are also presented.

Supplementary Information

The Supplementary Information includes combining financial statements for non-major governmental funds, non-major enterprise funds, internal service funds and fiduciary funds, which are added together and presented in single columns in the basic financial statements.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Assets

The State's combined net assets (governmental and business-type activities) totaled $12,104.4 million at June 30, 2009, compared to $12,342.5 million at June 30, 2008 (restated), as indicated in Table 2.

Table 2

Net Assets
(In Millions)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2009	Restated 2008	2009	2008	2009	Restated 2008	2008-2009
Current and other assets	$ 3,744.8	$ 4,360.4	$ 3,398.6	$ 3,616.4	$ 7,143.4	$ 7,976.8	-10.4%
Capital assets	6,535.4	6,248.7	3,382.7	3,054.5	9,918.1	9,303.2	6.6%
Total assets	10,280.2	10,609.1	6,781.3	6,670.9	17,061.5	17,280.0	-1.3%
Long-term liabilities	1,300.3	1,321.7	1,458.1	1,350.2	2,758.4	2,671.9	3.2%
Other liabilities	1,364.9	1,506.5	833.8	759.1	2,198.7	2,265.6	-3.0%
Total liabilities	2,665.2	2,828.2	2,291.9	2,109.3	4,957.1	4,937.5	0.4%
Net assets:							
Invested in capital assets, net of related debt	6,487.9	6,193.8	2,234.6	1,997.1	8,722.5	8,190.9	6.5%
Restricted	981.9	1,096.7	1,286.7	1,490.8	2,268.6	2,587.5	-12.3%
Unrestricted	145.2	490.4	968.1	1,073.7	1,113.3	1,564.1	-28.8%
Total net assets	$ 7,615.0	$ 7,780.9	$ 4,489.4	$ 4,561.6	$ 12,104.4	$ 12,342.5	-1.9%

Net assets of the State's governmental activities decreased 2.1% to $7,615.0 million. The largest component (85.2%) of the State's net assets is invested in capital assets (e.g. land, buildings, equipment, infrastructure and others), net of related outstanding debt that was used to acquire or construct the assets. Restricted net assets is the next largest component (12.9%). These represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets is the remaining portion (1.9%) and may be used at the State's discretion, but often have limitations on use based on State statutes.

The net assets of business-type activities decreased 1.6% to $4,489.4 million. The State generally can only use these net assets to finance the continuing operations of the universities, unemployment insurance and other business-type activities.

The State's combined net assets (governmental and business-type activities) decreased from June 30, 2008 to June 30, 2009 as a result of capital markets experiencing volatility and selling pressure due to an ongoing global financial crisis. As a result, the State's investments have incurred significant declines in value.

Long-term liabilities increased 3.2% to $2,758.4 million due to an increase in accounts payable & accruals and bonds payable. The increase in accounts payable & accruals is primarily due to a $37.7 million increase in the accrual of other postemployment benefits. The overall increase in bonds payable was $33.1 million. This increase is the net result of new bond issuances by the State Universities totaling $125.6 million which are primarily offset by bond repayments and defeasances (net of amortization) totaling $102.5 million.

Other liabilities decreased 3.0% to $2,198.7 million due to a decrease in unearned revenues. Unearned revenues decreased $181.3 million due primarily to a $155 million reduction in the drawing of federal funds to cover Medicaid provider payments.

Changes in Net Assets

The State's total net assets decreased by $238.1 million during the year, as indicated in Table 3.

Table 3
Changes in Net Assets
(In Millions)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2009	Restated 2008	2009	2008	2009	Restated 2008	2008-2009
Program revenues							
Charges for services	$ 1,876.1	$ 1,631.5	$ 2,874.1	$ 2,676.1	$ 4,750.2	$ 4,307.6	10.3%
Operating grants & contributions	4,345.3	3,471.5	987.7	670.9	5,333.0	4,142.4	28.7%
Capital grants & contributions	385.4	230.6	45.4	35.2	430.8	265.8	62.1%
General revenues							
Personal income tax	2,716.7	2,866.8	-	-	2,716.7	2,866.8	-5.2%
Corporate income tax	258.1	347.8	-	-	258.1	347.8	-25.8%
Sales & use tax	2,094.9	1,966.9	-	-	2,094.9	1,966.9	6.5%
Other tax	743.2	783.8	5.7	6.6	748.9	790.4	-5.3%
Motor fuel tax restricted for transportation purposes	436.7	444.0	-	-	436.7	444.0	-1.6%
Road use tax restricted for transportation purposes	256.6	257.5	-	-	256.6	257.5	-0.3%
Unrestricted investment earnings (losses)	66.2	115.0	(25.4)	69.4	40.8	184.4	-77.9%
Other	31.3	33.1	94.1	43.5	125.4	76.6	63.7%
Total revenues	**13,210.5**	**12,148.5**	**3,981.6**	**3,501.7**	**17,192.1**	**15,650.2**	9.9%
Expenses							
Administration & regulation	1,260.4	900.2	-	-	1,260.4	900.2	40.0%
Education	3,503.1	3,352.3	-	-	3,503.1	3,352.3	4.5%
Health & human rights	451.0	405.5	-	-	451.0	405.5	11.2%
Human services	4,652.0	4,283.2	-	-	4,652.0	4,283.2	8.6%
Justice & public defense	1,209.8	945.4	-	-	1,209.8	945.4	28.0%
Economic development	329.9	234.6	-	-	329.9	234.6	40.6%
Transportation	1,084.3	959.6	-	-	1,084.3	959.6	13.0%
Agriculture & natural resources	211.0	220.9	-	-	211.0	220.9	-4.5%
Interest expense	62.4	73.1	-	-	62.4	73.1	-14.6%
University Funds	-	-	3,401.1	3,155.0	3,401.1	3,155.0	7.8%
Unemployment Benefits Fund	-	-	872.0	356.3	872.0	356.3	144.7%
Other	-	-	396.7	391.1	396.7	391.1	1.4%
Total expenses	**12,763.9**	**11,374.8**	**4,669.8**	**3,902.4**	**17,433.7**	**15,277.2**	14.1%
Increase (decrease) in net assets before contributions, extraordinary item and transfers	446.6	773.7	(688.2)	(400.7)	(241.6)	373.0	-164.8%
Contribution to Permanent Fund principal	-	4.0	-	-	-	4.0	-100.0%
Contribution to University Endowments	-	-	0.4	3.4	0.4	3.4	-88.2%
Extraordinary item - gain on impairment of assets and other	-	-	3.1	55.1	3.1	55.1	-94.4%
Transfers	(612.5)	(598.8)	612.5	598.8	-	-	0.0%
Increase (decrease) in net assets	**(165.9)**	**178.9**	**(72.2)**	**256.6**	**(238.1)**	**435.5**	-154.7%
Net assets - July 1	**7,780.9**	**7,602.0**	**4,561.6**	**4,305.0**	**12,342.5**	**11,907.0**	3.7%
Net assets - June 30	**$ 7,615.0**	**$ 7,780.9**	**$ 4,489.4**	**$ 4,561.6**	**$ 12,104.4**	**$ 12,342.5**	-1.9%

The State of Iowa received $389.2 million and spent $386.3 million in additional federal funds as a result of the American Recovery and Reinvestment Act of 2009 (ARRA). Additionally, $15.6 million more benefits were issued by the Department of Human Services to clients for the Supplemental Nutrition Assistance Program (SNAP) as a result of ARRA.

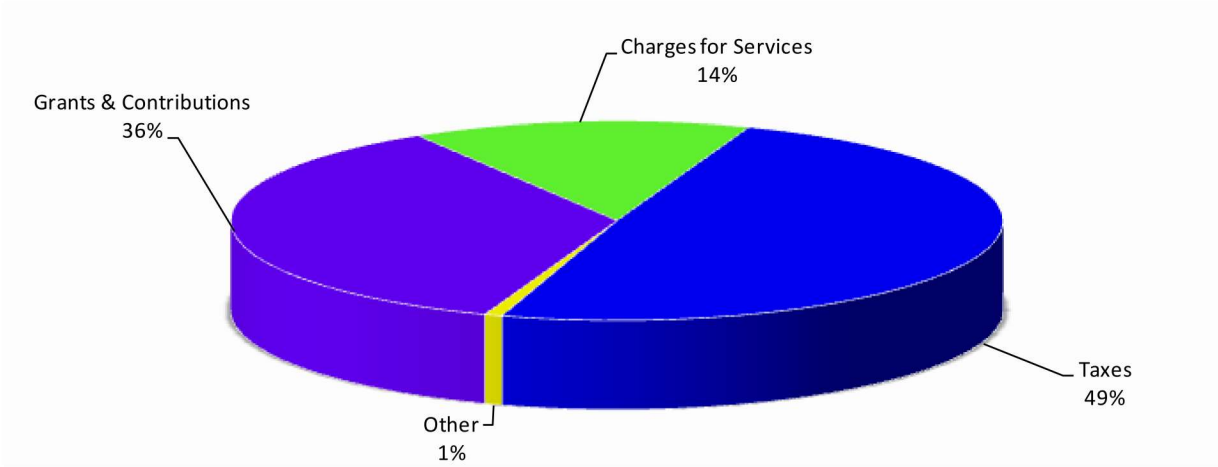
Governmental Activities

The largest fluctuations in program revenues were in operating grants and contributions and in capital grants and contributions with increases of $873.8 million and $154.8 million, respectively. The $383.8 million increase in Human Services operating grants and contributions is due largely to increased federal participation rates and additional participation in programs. Increases in education, justice & public defense and economic development operating grants and contributions are due to increases related to receipt of ARRA funds.

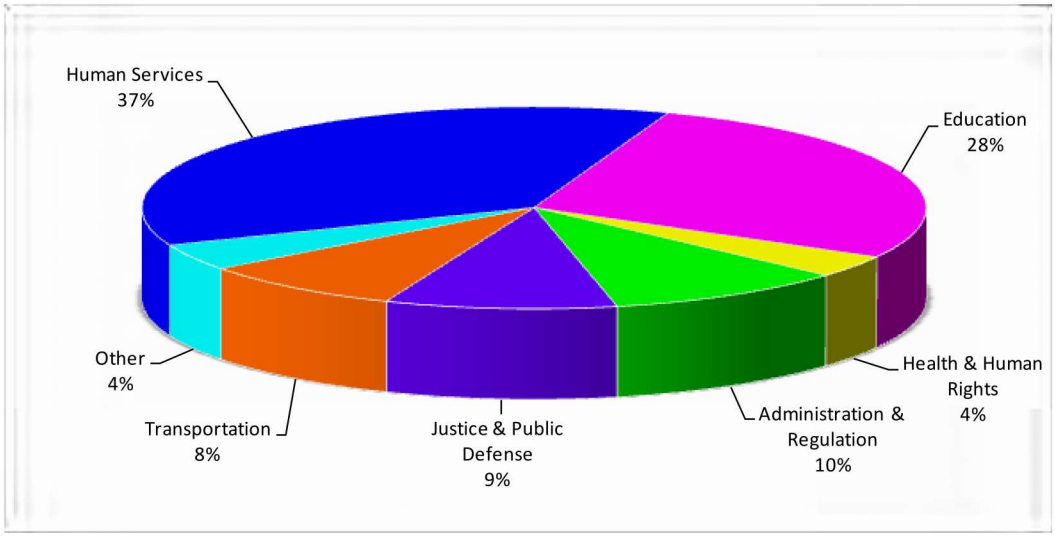
Decreases in general revenues were reflected in personal income and corporate income taxes as a result of the national economic recession. The increase in sales and use tax was a result of a 1.0% increase in the tax rate, which replaced local option sales tax. Unrestricted investment earnings decreased due to lower returns and market losses on investments attributed to the global financial crisis of capital markets.

Overall, expenses for governmental activities increased due to elevated levels of participation in various programs offered by the Department of Human Services, increases in state aid due to natural disasters (tornadoes and flooding) which occurred during the spring of 2008 and increases related to the expenditure of ARRA funds.

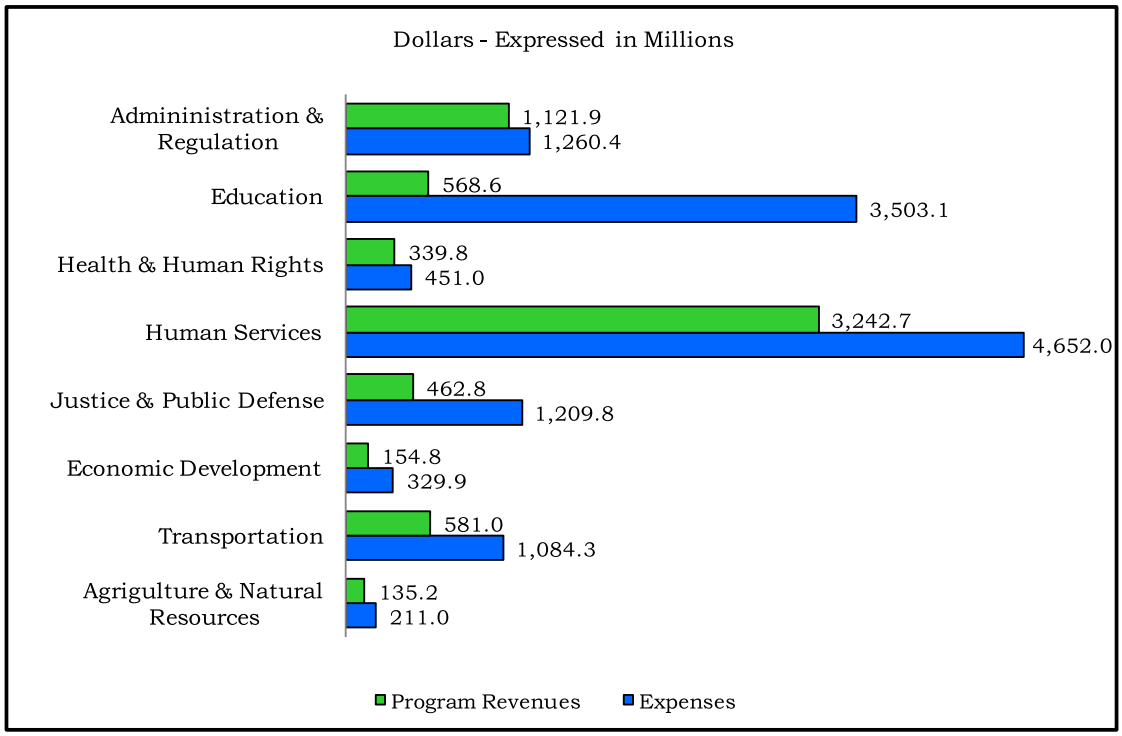
Revenues by Source



Expenses by Function



Program Revenues and Expenses



The cost of all governmental activities this fiscal year was $12,763.9 million. However, the amount that taxpayers paid for these activities through State taxes was $6,506.2 million. Part of the cost was paid by:

- Those who directly benefited from the programs ($1,876.1 million) or
- Other governments and organizations that subsidized certain programs with operating and capital grants and contributions ($4,730.7 million).

Business-type Activities

- University Funds had $3,401.1 million in expenses and $2,742.7 million in program revenues for net expenses of $658.4 million. The most significant change in revenues and expenses occurred in nonoperating revenues where investment income decreased $87.7 million due to lower returns and market losses. Assets increased $289.2 million to $5,825.8 million. This was due to an increase in capital assets of $318.1 million related to construction. Liabilities increased $166.8 million, or 8.2%, over the previous year mainly due to the three Universities issuing $125.6 million in new bonds for construction and equipment for facilities.
- Unemployment Benefits Fund had $872.0 million in expenses and $642.5 million in program revenues for an overall net decrease in operating income of $229.5 million. The State's unemployment rate increased during the current fiscal year, from 3.8% to 4.1%, and contributed to a 144.8% increase in unemployment benefits paid. The increase in benefits paid of $515.8 million was partially offset by a $279.8 million increase in revenues from the federal government.

In total, business-type activities had net expenses of $762.6 million with $78.0 million in net general revenues and $612.5 million in transfers, for a net decrease of $72.1 million, to end with net assets of $4,489.4 million.

Other business-type activities expenses increased $5.6 million and revenues increased $14.9 million. The Liquor Control Fund which accounts for the revenues and expenses related to the sale of alcoholic beverages experienced a $14.5 million increase in sales revenue and a related increase in expenses. Honey Creek Park revenues increased $4.3 million and expenses increased $3.0 million as the Park began operations.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

Governmental Funds

The governmental funds reported total fund balances of $2,212.4 million, with $270.8 million in unreserved fund balance. Net revenues totaled $13,219.7 million with expenditures of $13,082.9 million.

General Fund

The General Fund is the chief operating fund of the State. Total fund balance decreased from $2,296.7 million to $1,923.9 million and the unreserved fund balance decreased from $1,118.5 million to $802.8 million. The unreserved fund balance included $524.2 million in "rainy day" funds, a $68.2 million decrease over the prior year.

Gross revenues of the General Fund increased $1,132.8 million in fiscal year 2009, due to a $287.9 million increase in fees, licenses & permits and a $927.7 million increase in receipts from other entities. The increase in fees, licenses & permits was due primarily to an increase in motor vehicle registration fees. Federal support increased in the Department of Human Services and Department of Education as a result of the previously discussed ARRA funding.

Expenditures increased $1,620.5 million to $12,847.5 million in fiscal year 2009. The Department of Human Services expenditures increased $385.9 million and the Department of Education increased $143.6 million due to expanded participation in programs. Capital outlay increased $262.6 million primarily due to a $151.2 million increase in Department of Transportation infrastructure.

Tobacco Settlement Authority

The Tobacco Settlement Authority (Authority), a blended component unit of the State of Iowa classified as a Special Revenue Fund, receives money from the Tobacco Collections Fund to pay operating expenditures and for repayment of debt. The Authority's ending fund balance decreased $64.1 million to $703.0 million. The decrease was due to receipt of funds from the Tobacco Collections Fund which reduced the interfund advance (receivable). These funds were primarily used to pay principal and interest on bonds totaling $20.5 million and $45.7 million, respectively.

Tobacco Collections Fund

The Tobacco Collections Fund, a Special Revenue Fund, accounts for the tobacco settlement moneys received pursuant to a Master Settlement Agreement between the State of Iowa and the five largest tobacco manufacturers. The ending fund balance in the Tobacco Collections Fund increased $63.6 million to a deficit balance of $616.8 million. The increase is due to the reduction of the interfund advance (liability) for the tobacco settlement moneys remitted to the Tobacco Settlement Authority during the year.

Proprietary Funds

The State of Iowa's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of University Funds at the end of the year amounted to $969.5 million. Ending restricted net assets for the Unemployment Benefits Fund totaled $789.5 million. Net assets in University Funds increased $122.4 million and net assets of the Unemployment Benefits Fund decreased $196.6 million. Other factors concerning the finances of these two funds have already been addressed in the discussion of the State of Iowa's business-type activities.

General Fund Budgetary Highlights

Over the course of the year, the State revised the budget several times. These budget amendments fall into four categories:

- Across-the-Board reductions - $89,083,870
- Supplemental appropriations - $20,802,020
- Legislatively approved reductions in appropriations - $122,349,226
- Adjustments to standing appropriations - $18,737,415

The originally enacted General Fund budget for fiscal year 2009 of $6,130.9 million was predicated on 2.1 percent growth in General Fund revenues, as projected by the State's Revenue Estimating Conference (REC) on April 04, 2008. The April estimate reflected the expectation that revenue growth would continue at a moderate pace given the economic outlook.

At the October 9, 2008 meeting, the REC revised its fiscal year 2009 General Fund revenue estimate downward to $6,151.5 million. This was based upon the revised base of fiscal year 2008 and a concern about the national economy and its impact on state revenues. On December 12, 2008, the REC again decreased the revenue estimate to $6,052.0 million. The decrease from the October 2008 meeting reflected an acknowledgment that the national economy was slowing down faster than expected. In response to this reduction, on December 22, 2008, Governor Culver issued Executive Order 10 which reduced state general fund appropriations by 1.5 percent or $89.1 million. An additional revision was made at the March 20, 2009 meeting to decrease the General Fund revenue estimate to $5,970.3 million, again acknowledging that year-to-date revenues were growing slower than expected. Governor Culver was required, after the March 20, 2009 REC meeting, to submit new budget recommendations for fiscal year 2010, which he did on April 3, 2009. At this time he also made recommendations to the General Assembly on revisions to the fiscal year 2009 budget. These recommendations included using American Recovery and Reinvestment Act (ARRA) federal funds to supplement funding for school aid formula ($40.0 million) and Medicaid ($52.0 million) for a total reduction of $92 million.

During the 2009 legislative session, the General Assembly approved a reduction in appropriations of $122.3 million, including the $92 million recommendation by the Governor mentioned before. The General Assembly also approved the backfilling of various appropriations through supplemental appropriations of a total of $20.8 million.

The State of Iowa has various statutory standing appropriations where a fixed amount is not appropriated. These are either formula-driven (in the case of the largest General Fund appropriation, for school foundation aid to local school districts), or for items such as paying claims against the State through the State Appeal Board. These are either increases or decreases to the estimates made at the beginning of the year. For fiscal year 2009, these standing appropriations exceeded the original estimates by $18.7 million. The largest variance was for Performance of Duty claims with the Executive Council which were $19.5 million over the original estimate. A variety of other appropriations made up the balance of the changes to standing appropriations.

During April, May and June of 2009, and throughout the accrual period, actual General Fund revenue collections continued to come in below the official REC projections. At the close of the fiscal year, revenue collections totaled $5,888.7 million. As a result, Governor Culver issued Executive Order 18 on September 25, 2009 authorizing the Department of Management to transfer $45.3 million from the Economic Emergency Fund to the General Fund as provided by Iowa Code section 8.55, to bring the General Fund into balance for fiscal year 2009.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the State had $9,918.1 million invested in capital assets, net of accumulated depreciation of $7,530.0 million. Depreciation charges totaled $642.8 million in 2009. The details of these assets are presented in Table 4. Additional information about the State's capital assets is presented in NOTE 6 of the financial statements.

Table 4

Capital Aseets, Net of Depreciation
(In Millions)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2009	Restated 2008	2009	2008	2009	Restated 2008	2008-2009
Land	$ 655.6	$ 628.8	$ 41.9	$ 38.4	$ 697.5	$ 667.2	4.5%
Buildings and improvements	644.9	640.3	1,894.0	1,757.5	2,538.9	2,397.8	5.9%
Equipment	187.6	174.5	391.9	353.9	579.5	528.4	9.7%
Land improvements	25.4	24.5	27.9	28.8	53.3	53.3	0.0%
Works of art and collections	1.4	1.3	309.4	294.0	310.8	295.3	5.2%
Infrastructure	4,918.7	4,727.0	292.6	250.7	5,211.3	4,977.7	4.7%
Construction in progress	101.8	52.3	425.0	331.2	526.8	383.5	37.4%
Total	$6,535.4	$6,248.7	$3,382.7	$3,054.5	$ 9,918.1	$ 9,303.2	6.6%

Outstanding commitments for future capital expenditures, as of June 30, 2009, include $336.5 million for highway and bridge construction and $223.2 million for construction at the three State universities.

Long-term Debt

At year-end, the State had $2,337.0 million in bonds, certificates of participation and leases and other financing arrangements outstanding as shown in Table 5. More detailed information about the State's long-term liabilities is presented in NOTE 8 to the financial statements.

Table 5

State of Iowa's Outstanding Debt
(In Millions)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2009	2008	2009	2008	2009	2008	2008-2009
Revenue bonds	$1,017.6	$1,049.6	$1,142.9	$1,069.2	$ 2,160.5	$ 2,118.8	2.0%
Certificates of participation	0.4	0.6	-	-	0.4	0.6	-33.3%
Leases and other financing arrangements	6.9	8.1	169.2	151.6	176.1	159.7	10.3%
Total	$1,024.9	$1,058.3	$1,312.1	$1,220.8	$ 2,337.0	$ 2,279.1	2.5%

Revenue bonds issued by the State and its various authorities totaled $3,784.1 million outstanding at fiscal year-end. This amount consisted of $1,623.6 million of component unit – proprietary funds revenue bonds (for housing and higher education), $1,142.8 million in revenue bonds issued by the three State universities and Iowa Lottery Authority (for equipment and facilities), $764.0 million in revenue bonds issued by the Tobacco Settlement Authority, $33.6 million in revenue bonds issued by the Honey Creek Authority, $44.2 million in revenue bonds issued by the Iowa Finance Authority for the Department of Corrections and $175.7 million in revenue bonds issued by the State of Iowa for the Vision Iowa Program and the School Infrastructure Loan Program. These bonds are backed by the revenues of the issuing program or authority.

Certificates of Participation (COPS) issued by the State and outstanding at fiscal year-end amounted to $0.4 million. COPS represent an ownership interest of the certificate holder in a lease purchase agreement.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During fiscal year 2009, the Center for Budget and Policy Priorities estimated states dealt with $110 billion in budget shortfalls. The Center estimates for fiscal year 2010, budget shortfalls nation-wide will be $190 billion with at least 35 states currently dealing with budget issues. Iowa has dealt with budget shortfalls in fiscal year 2009 and is dealing with shortfalls in fiscal year 2010.

The Governor and General Assembly worked until the early morning of April 26, 2009, fashioning the General Fund budget for fiscal year 2010. Amounts available for appropriation based on the 99 percent budget limitation in the General Fund budget were $5,793.3 million. General Fund appropriations totaled $5,768.3 million, a decrease of $192.5 million from the estimated 2009 General Fund budget.

At the REC meeting in October 2009, the fiscal year 2010 revenue estimate was decreased from a revised $5,852.1 million to $5,438.0 million, largely as a reflection on current year to date revenue growth and the anticipated continued slowdown of tax revenues that is reflective of the slowdown of the national and state economies. The revised estimate reflects projected revenue growth of negative 8.4 percent compared to actual revenues for the previous fiscal year. Based upon the REC action Governor Culver, on October 8, 2009, issued Executive Order 19 which reduced General Fund appropriations 10 percent across-the-board reducing appropriations by $564.4 million.

Recent revenue performance has been sluggish, which is reflective of the slowdown of the national and state economies. Iowa's unemployment rate was at 6.7 percent in October 2009, up from a revised 6.6 percent in September 2009, but lower than the national rate of 10.2 percent, showing Iowa has been able to withstand the national trends, with Iowa's labor market holding its own in spite of the turmoil nationally in the financial market and the housing slowdown.

Nationally, economists are starting to say the recession is over, but the transition to a self-sustaining expansion will be less than easy. The expectation is that the jobless rate will continue to rise over the next few months with job creation to take longer to develop than has happened in past recessions. Real gross domestic product is estimated to have grown 2.8 percent in the third quarter of calendar year 2009, however much of that growth is driven by monetary and fiscal stimulus. Moody's Economy.com does not expect a self-sustaining economic expansion to kick in until 2011.

CONTACTING THE STATE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, legislators, customers, investors and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Iowa Department of Administrative Services
State Accounting Enterprise
Hoover State Office Building
Des Moines, IA 50319

BASIC FINANCIAL STATEMENTS

STATE OF IOWA

Statement of Net Assets

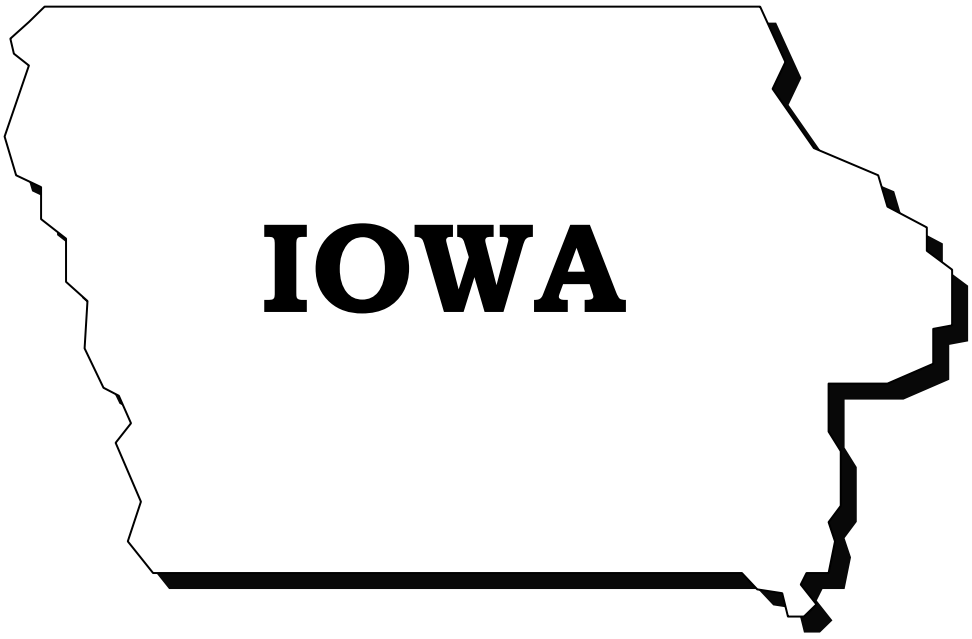
June 30, 2009
(Expressed in Thousands)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Current assets:				
Cash & investments	$ 1,855,654	$ 2,108,020	$ 3,963,674	$ 971,442
Cash & investments - restricted	-	97,434	97,434	58,198
Deposits with trustees	7,330	32,487	39,817	-
Accounts receivable (net)	1,451,419	546,134	1,997,553	81,470
Interest receivable	216	5,412	5,628	9,119
Loans receivable (net)	20,986	6,278	27,264	34,442
Internal balances	48,959	(48,959)	-	-
Inventory	24,097	60,865	84,962	214
Prepaid expenses	11,683	22,945	34,628	376
Deferred charges	237	-	237	-
Other assets	-	90	90	2,783
Investment in prize annuity	-	2,797	2,797	-
Total current assets	3,420,581	2,833,503	6,254,084	1,158,044
Noncurrent assets:				
Cash & investments	-	433,612	433,612	356,419
Cash & investments - restricted	81,377	-	81,377	1,542,769
Accounts receivable (net)	90,040	25,812	115,852	149,415
Interest receivable	-	475	475	-
Loans receivable (net)	149,004	63,790	212,794	759,709
Capital assets - nondepreciable	757,466	735,556	1,493,022	18,241
Capital assets - depreciable (net)	5,777,927	2,647,183	8,425,110	69,992
Prepaid expenses	-	145	145	-
Deferred charges	3,843	-	3,843	-
Other assets	-	27,385	27,385	17,772
Investment in prize annuity	-	9,434	9,434	-
Prize deposit	-	4,422	4,422	-
Total noncurrent assets	6,859,657	3,947,814	10,807,471	2,914,317
TOTAL ASSETS	**10,280,238**	**6,781,317**	**17,061,555**	**4,072,361**

The notes are an integral part of the financial statements.

(continued on next page)

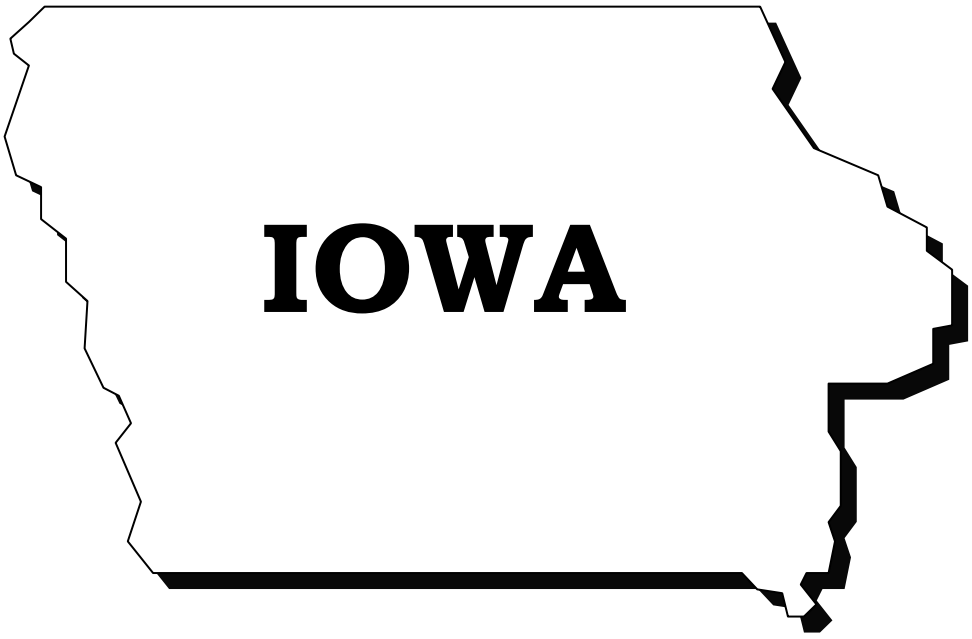
	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
LIABILITIES				
Current liabilities:				
Accounts payable & accruals	1,097,579	372,673	1,470,252	30,819
Interest payable	7,156	24,443	31,599	32,242
Unearned revenue	60,437	91,396	151,833	480
Compensated absences	137,503	67,272	204,775	1,759
Capital leases	1,177	18,603	19,780	600
Bonds payable	60,730	51,491	112,221	140,766
Other financing arrangements payable	382	1,094	1,476	-
Annuities payable	-	2,837	2,837	-
Lottery prizes payable	-	2,298	2,298	-
Funds held in custody	-	201,671	201,671	59,677
Total current liabilities	1,364,964	833,778	2,198,742	266,343
Noncurrent liabilities:				
Accounts payable & accruals	150,482	47,335	197,817	56,630
Unearned revenue	-	3,079	3,079	11,620
Compensated absences	187,105	103,509	290,614	699
Capital leases	3,261	129,288	132,549	6,308
Bonds payable	956,890	1,091,356	2,048,246	1,482,908
Other financing arrangements payable	2,539	20,189	22,728	-
Annuities payable	-	9,434	9,434	-
Lottery prizes payable	-	4,422	4,422	-
Funds held in custody	-	49,533	49,533	3,899
Total noncurrent liabilities	1,300,277	1,458,145	2,758,422	1,562,064
TOTAL LIABILITIES	**2,665,241**	**2,291,923**	**4,957,164**	**1,828,407**
NET ASSETS				
Invested in capital assets, net of related debt	6,487,927	2,234,564	8,722,491	74,775
Restricted for:				
Education	67,491	-	67,491	-
Human services	33,791	-	33,791	-
Economic development	31,904	-	31,904	-
Transportation	611,656	-	611,656	-
Capital projects	54,357	-	54,357	-
University Funds - expendable	-	431,315	431,315	-
University Funds - nonexpendable	-	65,866	65,866	-
Permanent Funds - nonexpendable	21,992	-	21,992	-
Unemployment Benefits Fund	-	789,546	789,546	-
Other	160,657	-	160,657	1,853,776
Unrestricted	145,222	968,103	1,113,325	315,403
TOTAL NET ASSETS	**$ 7,614,997**	**$ 4,489,394**	**$ 12,104,391**	**$ 2,243,954**


IOWA

STATE OF IOWA
Statement of Activities
For the Year Ended June 30, 2009
(Expressed in Thousands)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS & CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS & CONTRIBUTIONS	NET (EXPENSES) REVENUES & CHANGES IN NET ASSETS: PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT: BUSINESS-TYPE ACTIVITIES	PRIMARY GOVERNMENT: TOTAL	COMPONENT UNITS
PRIMARY GOVERNMENT:								
Governmental activities:								
Administration & regulation	$ 1,260,364	$ 1,069,214	$ 52,666	$ -	$ (138,484)	$	$ (138,484)	$
Education	3,503,146	45,794	522,822	-	(2,934,530)		(2,934,530)	
Health & human rights	450,955	71,849	265,154	2,766	(111,186)		(111,186)	
Human services	4,651,972	437,131	2,805,625	-	(1,409,216)		(1,409,216)	
Justice & public defense	1,209,839	83,868	378,897	-	(747,074)		(747,074)	
Economic development	329,936	5,012	149,849	-	(175,075)		(175,075)	
Transportation	1,084,299	84,511	121,419	375,096	(503,273)		(503,273)	
Agriculture & natural resources	210,984	78,697	48,888	7,616	(75,783)		(75,783)	
Interest expense	62,387	-	-	-	(62,387)		(62,387)	
Total governmental activities	**12,763,882**	**1,876,076**	**4,345,320**	**385,478**	**(6,157,008)**		**(6,157,008)**	
Business-type activities:								
University Funds	3,401,126	1,993,932	703,363	45,432	-	(658,399)	(658,399)	
Unemployment Benefits Fund	872,030	358,198	284,352	-	-	(229,480)	(229,480)	
Other	396,668	521,913	-	-	-	125,245	125,245	
Total business-type activities	**4,669,824**	**2,874,043**	**987,715**	**45,432**	**-**	**(762,634)**	**(762,634)**	
TOTAL PRIMARY GOVERNMENT	**$ 17,433,706**	**$ 4,750,119**	**$ 5,333,035**	**$ 430,910**	**(6,157,008)**	**(762,634)**	**(6,919,642)**	
COMPONENT UNITS:								
Iowa Finance Authority	$ 143,568	$ 16,459	$ 72,623	$ -				(54,486)
Iowa Higher Education Loan Authority	1,314	599	-	-				(715)
Iowa Agricultural Development Authority	542	420	26	-				(96)
Iowa State Fair Authority	17,865	17,171	2,831	4,500				6,637
University of Iowa Foundation	79,192	-	95,995	-				16,803
Iowa State University Foundation	72,442	-	74,943	-				2,501
University of Northern Iowa Foundation	11,444	-	8,872	-				(2,572)
TOTAL COMPONENT UNITS	**$ 326,367**	**$ 34,649**	**$ 255,290**	**$ 4,500**				**(31,928)**
GENERAL REVENUES:								
Personal income tax					2,716,655	-	2,716,655	-
Corporate income tax					258,115	-	258,115	-
Sales & use tax					2,094,893	-	2,094,893	-
Other tax					743,231	5,688	748,919	-
Motor fuel tax restricted for transportation purposes					436,732	-	436,732	-
Road use tax restricted for transportation purposes					256,554	-	256,554	-
Unrestricted investment earnings (losses)					66,159	(25,411)	40,748	(53,041)
Other					30,476	94,068	124,544	5,704
Gain on sale of assets					804	75	879	-
Contribution to University Endowments					-	404	404	-
Extraordinary item - gain on impairment of assets and other					-	3,160	3,160	-
Transfers					(612,520)	612,520	-	-
TOTAL GENERAL REVENUES, CONTRIBUTIONS, EXTRAORDINARY ITEM & TRANSFERS					**5,991,099**	**690,504**	**6,681,603**	**(47,337)**
CHANGE IN NET ASSETS					**(165,909)**	**(72,130)**	**(238,039)**	**(79,265)**
NET ASSETS - JULY 1, RESTATED					**7,780,906**	**4,561,524**	**12,342,430**	**2,323,219**
NET ASSETS - JUNE 30					**$ 7,614,997**	**$ 4,489,394**	**$ 12,104,391**	**$ 2,243,954**

The notes are an integral part of the financial statements.


IOWA

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Major Funds

General Fund - This is the State's operating fund. It accounts for the financial resources and transactions not accounted for in other funds.

Tobacco Settlement Authority - The Tobacco Settlement Authority, a blended component unit of the State of Iowa, receives money from the Tobacco Collections Fund to pay for operating expenditures and repayment of debt.

Tobacco Collections Fund - The Tobacco Collections Fund accounts for tobacco settlement monies received pursuant to a Master Settlement Agreement between the State of Iowa and the five largest tobacco manufacturers. The funds are then distributed to the Tobacco Settlement Authority and the Endowment for Iowa's Health Fund pursuant to the terms of a Sales Agreement (dated October 1, 2001, and amended November 1, 2005) between the State and the Tobacco Settlement Authority.

Nonmajor Governmental Funds are presented, by fund type, in the Supplementary Information section.

STATE OF IOWA

Balance Sheet
Governmental Funds

June 30, 2009
(Expressed in Thousands)

	GENERAL FUND	TOBACCO SETTLEMENT AUTHORITY	TOBACCO COLLECTIONS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Current assets:					
Cash & investments	$ 1,613,340	$ 86,116	$ -	$ 203,229	$ 1,902,685
Deposits with trustees	4,139	-	-	3,191	7,330
Accounts receivable (net)	1,405,519	216	34,745	10,154	1,450,634
Loans receivable (net)	20,564	-	-	422	20,986
Due from other funds	39,759	50,943	-	6,712	97,414
Inventory	13,641	-	-	124	13,765
Prepaid expenditures	10,061	-	-	34	10,095
Total current assets	3,107,023	137,275	34,745	223,866	3,502,909
Noncurrent assets:					
Accounts receivable (net)	89,718	-	-	322	90,040
Loans receivable (net)	145,746	-	-	3,258	149,004
Due from other funds/ advances to other funds	-	565,860	-	28,000	593,860
Total noncurrent assets	235,464	565,860	-	31,580	832,904
TOTAL ASSETS	**$ 3,342,487**	**$ 703,135**	**$ 34,745**	**$ 255,446**	**$ 4,335,813**
LIABILITIES					
Current liabilities:					
Accounts payable & accruals	$ 980,500	$ 47	$ -	$ 23,103	$ 1,003,650
Due to other funds/ advances from other funds	63,783	101	50,931	25,251	140,066
Deferred revenue	320,119	-	34,745	4,754	359,618
Total current liabilities	1,364,402	148	85,676	53,108	1,503,334
Noncurrent liabilities:					
Accounts payable & accruals	-	-	-	-	-
Due to other funds/ advances from other funds	3,194	-	565,860	-	569,054
Deferred revenue	50,992	-	-	-	50,992
Total noncurrent liabilities	54,186	-	565,860	-	620,046
TOTAL LIABILITIES	**1,418,588**	**148**	**651,536**	**53,108**	**2,123,380**
FUND BALANCES					
Reserved for:					
Encumbrances & contracts	80,113	-	-	-	80,113
Inventory & prepaid expenditures	23,702	-	-	158	23,860
Noncurrent receivables	184,472	565,860	-	31,580	781,912
Specific purposes	832,845	137,127	-	85,772	1,055,744
Unreserved fund equity	802,767	-	(616,791)	-	185,976
Unreserved, reported in:					
Special revenue funds	-	-	-	32,411	32,411
Capital projects funds	-	-	-	52,417	52,417
TOTAL FUND BALANCES	**1,923,899**	**702,987**	**(616,791)**	**202,338**	**2,212,433**
TOTAL LIABILITIES & FUND BALANCES	**$ 3,342,487**	**$ 703,135**	**$ 34,745**	**$ 255,446**	**$ 4,335,813**

The notes are an integral part of the financial statements.

STATE OF IOWA

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets

June 30, 2009
(Expressed in Thousands)

Total fund balances - governmental funds		**$ 2,212,433**
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets, excluding internal service funds, is $11,087,063 and the accumulated depreciation is $(4,640,517).		6,446,546
Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.		128,478
Certain revenues are earned but not available and, therefore, deferred in the funds.		358,762
Deferred issue costs are reported as current expenditures in the funds. However, deferred issue costs are amortized over the life of the bonds and are included as deferred charges in the governmental activities in the Statement of Net Assets.		4,080
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds payable	$ (1,017,620)	
Accrued interest payable	(7,156)	
Compensated absences	(318,557)	
Capital leases	(4,419)	
Other financing arrangements payable	(2,921)	
Pollution remediation	(50,663)	
Termination benefits	(12,869)	
Risk management liability	(18,000)	
Net pension liability	(36,393)	
Other postemployment benefits	(28,044)	
Other long-term liabilities	(38,660)	
Total long-term liabilities		(1,535,302)
Net assets of governmental activities		**$ 7,614,997**

The notes are an integral part of the financial statements.

STATE OF IOWA

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

For the Year Ended June 30, 2009
(Expressed in Thousands)

	GENERAL FUND	TOBACCO SETTLEMENT AUTHORITY	TOBACCO COLLECTIONS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	$ 7,333,205	$ -	$ -	$ -	$ 7,333,205
Receipts from other entities	5,058,198	-	-	68,305	5,126,503
Investment income	60,436	2,960	-	2,898	66,294
Fees, licenses & permits	974,830	-	-	3,566	978,396
Refunds & reimbursements	361,854	-	81,559	30,668	474,081
Sales, rents & services	25,323	-	-	4,602	29,925
Miscellaneous	85,846	-	-	8,115	93,961
Contributions	-	-	-	1,008	1,008
GROSS REVENUES	**13,899,692**	**2,960**	**81,559**	**119,162**	**14,103,373**
Less revenue refunds	880,637	-	-	2,996	883,633
NET REVENUES	**13,019,055**	**2,960**	**81,559**	**116,166**	**13,219,740**
EXPENDITURES					
Current:					
Administration & regulation	1,241,175	863	-	2,212	1,244,250
Education	3,402,603	-	-	90,257	3,492,860
Health & human rights	429,645	-	-	14,196	443,841
Human services	4,625,918	-	-	179	4,626,097
Justice & public defense	1,141,012	-	-	3,432	1,144,444
Economic development	333,417	-	-	2,012	335,429
Transportation	471,016	-	-	547	471,563
Agriculture & natural resources	188,779	-	-	10,860	199,639
Capital outlay	994,557	-	-	34,784	1,029,341
Debt service:					
Principal	9,920	20,540	-	5,875	36,335
Interest & fiscal charges	9,427	45,685	-	4,034	59,146
TOTAL EXPENDITURES	**12,847,469**	**67,088**	**-**	**168,388**	**13,082,945**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**171,586**	**(64,128)**	**81,559**	**(52,222)**	**136,795**
OTHER FINANCING SOURCES (USES)					
Transfers in	350,322	-	-	187,807	538,129
Transfers out	(894,997)	-	(17,943)	(223,263)	(1,136,203)
Leases, installment purchases & other	313	-	-	-	313
TOTAL OTHER FINANCING SOURCES (USES)	**(544,362)**	**-**	**(17,943)**	**(35,456)**	**(597,761)**
NET CHANGE IN FUND BALANCES	**(372,776)**	**(64,128)**	**63,616**	**(87,678)**	**(460,966)**
FUND BALANCES - JULY 1	**2,296,675**	**767,115**	**(680,407)**	**290,016**	**2,673,399**
FUND BALANCES - JUNE 30	**$ 1,923,899**	**$ 702,987**	**$ (616,791)**	**$ 202,338**	**$ 2,212,433**

The notes are an integral part of the financial statements.

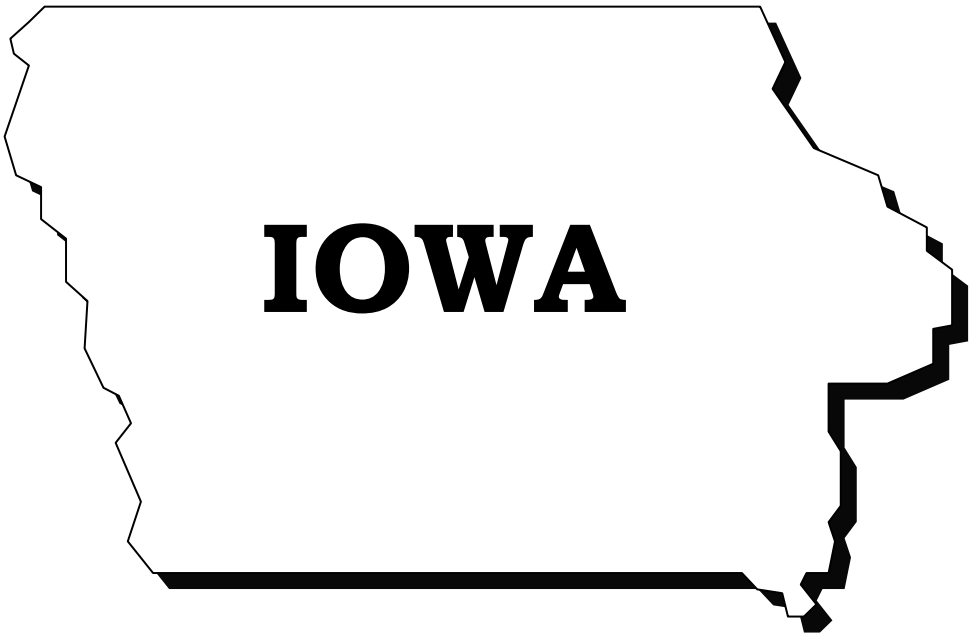
STATE OF IOWA

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2009
(Expressed in Thousands)

Net change in fund balances – total governmental funds		**$(460,966)**
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	$686,804	
Depreciation expense	(398,953)	
Excess of capital outlay over depreciation expense		287,851
In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources.		(4,744)
Some capital additions were financed through capital leases, other financing arrangements and installment purchases. In governmental funds, these financing arrangements are considered a source of funding, but in the Statement of Net Assets, the obligations are reported as liabilities. In the current year, these amounts consist of:		
Capital leases		(313)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current year, these amounts consist of:		
Bond principal retirement	36,335	
Capital lease payments	1,205	
Other financing arrangements payments	364	
Total long-term debt repayment		37,904
Internal service funds are used by management to charge the cost of certain activities to individual funds. A portion of the net revenue of the internal services funds is reported with governmental activities.		525
Because some revenues will not be collected for several months after the State's fiscal year end, they are not considered available revenues and are deferred in the governmental funds.		(7,306)
Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The (increases) decreases in these activities consist of:		
Compensated absences	(8,145)	
Early retirement liability/termination benefits	(1,742)	
Pension liability	(6,460)	
Other	(2,513)	
Total additional expenditures		(18,860)
Change in net assets of governmental activities		**$(165,909)**

The notes are an integral part of the financial statements.


IOWA

PROPRIETARY FUND FINANCIAL STATEMENTS

Major Funds

University Funds are maintained to account for the operations of the State's public institutions of higher education. The State University of Iowa, Iowa State University and the University of Northern Iowa comprise this group.

Unemployment Benefits Fund receives federal funds and contributions from employers to provide benefits to eligible unemployed workers.

Nonmajor Proprietary Funds are presented by fund in the Supplementary Information section.

STATE OF IOWA

Statement of Net Assets
Proprietary Funds

June 30, 2009
(Expressed in Thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS FUND	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
ASSETS					
Current assets:					
Cash & investments	$ 1,374,926	$ 686,652	$ 44,145	$ 2,105,723	$ 36,642
Cash & investments - restricted	97,434	-	-	97,434	-
Deposits with trustees	32,487	-	-	32,487	-
Accounts receivable (net)	386,045	142,824	17,265	546,134	1,001
Interest receivable	5,338	-	74	5,412	-
Loans receivable (net)	6,278	-	-	6,278	-
Due from other funds/advances to other funds	-	855	18	873	72,012
Inventory	49,644	-	11,221	60,865	10,332
Prepaid expenses	22,269	-	676	22,945	1,588
Other assets	90	-	-	90	-
Investment in prize annuity	-	-	2,797	2,797	-
Total current assets	1,974,511	830,331	76,196	2,881,038	121,575
Noncurrent assets:					
Cash & investments	433,612	-	-	433,612	-
Accounts receivable	25,812	-	-	25,812	-
Interest receivable	475	-	-	475	-
Loans receivable (net)	63,790	-	-	63,790	-
Due from other funds/advances to other funds	-	3,029	-	3,029	166
Capital assets - nondepreciable	686,251	-	49,305	735,556	-
Capital assets - depreciable (net)	2,613,794	-	33,389	2,647,183	88,845
Prepaid expenses	145	-	-	145	-
Other assets	27,385	-	-	27,385	-
Investment in prize annuity	-	-	9,434	9,434	-
Prize deposit	-	-	4,422	4,422	-
Total noncurrent assets	3,851,264	3,029	96,550	3,950,843	89,011
TOTAL ASSETS	**5,825,775**	**833,360**	**172,746**	**6,831,881**	**210,586**
LIABILITIES					
Current liabilities:					
Accounts payable & accruals	316,486	38,960	16,549	371,995	30,833
Due to other funds/advances from other funds	-	1,884	16,354	18,238	11,995
Interest payable	24,439	-	4	24,443	-
Unearned revenue	87,240	2,970	1,185	91,395	8,589
Compensated absences	65,109	-	2,163	67,272	3,036
Capital leases	18,603	-	-	18,603	19
Bonds payable	51,391	-	100	51,491	-
Other financing arrangements payable	1,094	-	-	1,094	-
Annuities payable	-	-	2,837	2,837	-
Lottery prizes payable	-	-	2,298	2,298	-
Funds held in custody	201,671	-	-	201,671	-
Total current liabilities	766,033	43,814	41,490	851,337	54,472
Noncurrent liabilities:					
Accounts payable & accruals	46,823	-	512	47,335	29,626
Due to other funds/advances from other funds	-	-	28,000	28,000	-
Unearned revenue	3,079	-	-	3,079	-
Compensated absences	100,812	-	2,697	103,509	3,015
Capital leases	129,288	-	-	129,288	-
Bonds payable	1,090,056	-	1,300	1,091,356	-
Other financing arrangements payable	20,189	-	-	20,189	-
Annuities payable	-	-	9,434	9,434	-
Lottery prizes payable	-	-	4,422	4,422	-
Funds held in custody	49,533	-	-	49,533	-
Total noncurrent liabilities	1,439,780	-	46,365	1,486,145	32,641
TOTAL LIABILITIES	**2,205,813**	**43,814**	**87,855**	**2,337,482**	**87,113**
NET ASSETS					
Invested in capital assets, net of related debt	2,153,270	-	81,294	2,234,564	88,826
Restricted for:					
Expendable	431,315	-	-	431,315	-
Nonexpendable	65,866	-	-	65,866	-
Unemployment benefits	-	789,546	-	789,546	-
Unrestricted	969,511	-	3,597	973,108	34,647
TOTAL NET ASSETS	**$ 3,619,962**	**$ 789,546**	**$ 84,891**	4,494,399	**$ 123,473**
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(5,005)	
NET ASSETS OF BUSINESS-TYPE ACTIVITIES				**$ 4,489,394**	

The notes are an integral part of the financial statements.

STATE OF IOWA

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds

For the Year Ended June 30, 2009
(Expressed in Thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS FUND	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES					
Employer contributions	$ -	$ 358,198	$ -	$ 358,198	$ -
Receipts from other entities	242	284,352	1,167	285,761	124,197
Fees, licenses & permits	1,462,040	-	13,473	1,475,513	9
Refunds & reimbursements	-	-	129	129	65,951
Sales, rents & services	289,410	-	505,126	794,536	2,327
Grants & contracts	589,455	-	-	589,455	-
Independent/auxiliary operations	242,482	-	-	242,482	-
Miscellaneous	59,558	-	2,018	61,576	6,968
TOTAL OPERATING REVENUES	**2,643,187**	**642,550**	**521,913**	**3,807,650**	**199,452**
OPERATING EXPENSES					
General & administrative	-	-	10,342	10,342	-
Scholarship & fellowship	30,142	-	-	30,142	-
Depreciation	218,272	-	10,003	228,275	15,607
Direct expense	-	-	38,934	38,934	-
Prize expense	-	-	138,425	138,425	-
Personal services	2,077,389	-	5,759	2,083,148	31,866
Travel & subsistence	33,231	-	521	33,752	20,537
Supplies & materials	413,634	-	4,039	417,673	53,286
Contractual services	83,220	-	39,142	122,362	33,488
Equipment & repairs	446,876	-	20	446,896	22,780
Claims & miscellaneous	22,035	-	145,135	167,170	22,527
Licenses, permits & refunds	4,314	-	723	5,037	196
State aid & credits	-	872,030	3,501	875,531	-
TOTAL OPERATING EXPENSES	**3,329,113**	**872,030**	**396,544**	**4,597,687**	**200,287**
OPERATING INCOME (LOSS)	**(685,926)**	**(229,480)**	**125,369**	**(790,037)**	**(835)**
NONOPERATING REVENUES (EXPENSES)					
Gifts	113,908	-	-	113,908	-
Taxes	-	-	5,688	5,688	-
Investment income	(61,645)	35,378	856	(25,411)	360
Interest expense	(50,293)	-	(49)	(50,342)	-
Miscellaneous revenues	34,270	-	-	34,270	-
Miscellaneous expenses	(12,750)	-	-	(12,750)	-
Gain (loss) on sale of capital assets	(7,909)	-	75	(7,834)	(139)
NET NONOPERATING REVENUES	**15,581**	**35,378**	**6,570**	**57,529**	**221**
INCOME (LOSS) BEFORE CONTRIBUTIONS, EXTRAORDINARY ITEM & TRANSFERS	**(670,345)**	**(194,102)**	**131,939**	**(732,508)**	**(614)**
Capital contributions & grants	45,432	-	14,446	59,878	-
Additions to endowments	404	-	-	404	-
Extraordinary item - gain on impairment of assets & other	3,160	-	-	3,160	-
Transfers in	743,741	68	4,057	747,866	-
Transfers out	-	(2,520)	(147,272)	(149,792)	-
CHANGE IN NET ASSETS	**122,392**	**(196,554)**	**3,170**	**(70,992)**	**(614)**
TOTAL NET ASSETS - JULY 1	**3,497,570**	**986,100**	**81,721**		**124,087**
TOTAL NET ASSETS - JUNE 30	**$ 3,619,962**	**$ 789,546**	**$ 84,891**		**$ 123,473**
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(1,138)	
CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES				**$ (72,130)**	

The notes are an integral part of the financial statements.

STATE OF IOWA

Statement of Cash Flows
Proprietary Funds

For the Year Ended June 30, 2009
(Expressed in Thousands)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS FUND	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers/students	$ 1,961,637	$ -	$ 518,947	$ 2,480,584	$ -
Cash received from miscellaneous	90,660	-	2,101	92,761	-
Cash received from employers	-	359,210	-	359,210	-
Cash received from other entities	571,622	284,352	-	855,974	14,397
Cash received from reciprocal interfund activity	-	919	-	919	182,515
Cash payments to suppliers for goods & services	(1,064,360)	-	(227,972)	(1,292,332)	(138,495)
Cash payments to employees/students for services	(1,992,607)	-	(23,359)	(2,015,966)	(44,330)
Cash payments for prizes	-	-	(143,139)	(143,139)	-
Cash payments for unemployment claims	-	(863,131)	-	(863,131)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**(433,048)**	**(218,650)**	**126,578**	**(525,120)**	**14,087**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in from other funds	689,961	68	4,204	694,233	-
Transfers out to other funds	-	(946)	(143,615)	(144,561)	-
Receipts from related agencies	948,312	-	-	948,312	-
Payments to related agencies	(941,843)	-	-	(941,843)	-
Other receipts	2,790	-	-	2,790	-
Other payments	(2,842)	-	-	(2,842)	-
Proceeds from noncapital gifts	113,846	-	-	113,846	-
Tax receipts	-	-	5,688	5,688	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	**810,224**	**(878)**	**(133,723)**	**675,623**	**-**
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES					
Acquisition & construction of capital assets	(525,979)	-	(5,648)	(531,627)	(19,371)
Interest payments	(50,220)	-	(49)	(50,269)	-
Debt payments	(71,379)	-	(100)	(71,479)	-
Capital grants & contributions	65,351	-	-	65,351	-
Debt proceeds	154,163	-	-	154,163	-
Proceeds from sale of capital assets	2,549	-	35	2,584	-
Other capital & related financing activities	98,441	-	-	98,441	-
NET CASH USED BY CAPITAL & RELATED FINANCING ACTIVITIES	**(327,074)**	**-**	**(5,762)**	**(332,836)**	**(19,371)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest & dividends on investments	45,401	35,378	1,016	81,795	360
Proceeds from sale & maturities of investments	1,019,600	-	4,317	1,023,917	-
Purchase of investments	(983,942)	-	-	(983,942)	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	**81,059**	**35,378**	**5,333**	**121,770**	**360**
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	**131,161**	**(184,150)**	**(7,574)**	**(60,563)**	**(4,924)**
CASH & CASH EQUIVALENTS - JULY 1	**679,145**	**870,802**	**51,719**	**1,601,666**	**41,566**
CASH & CASH EQUIVALENTS - JUNE 30	**810,306**	**686,652**	**44,145**	**1,541,103**	**36,642**
INVESTMENTS	**1,095,666**	**-**	**-**	**1,095,666**	**-**
CASH & INVESTMENTS PER STATEMENT OF NET ASSETS	**$ 1,905,972**	**$ 686,652**	**$ 44,145**	**$ 2,636,769**	**$ 36,642**

(continued on next page)

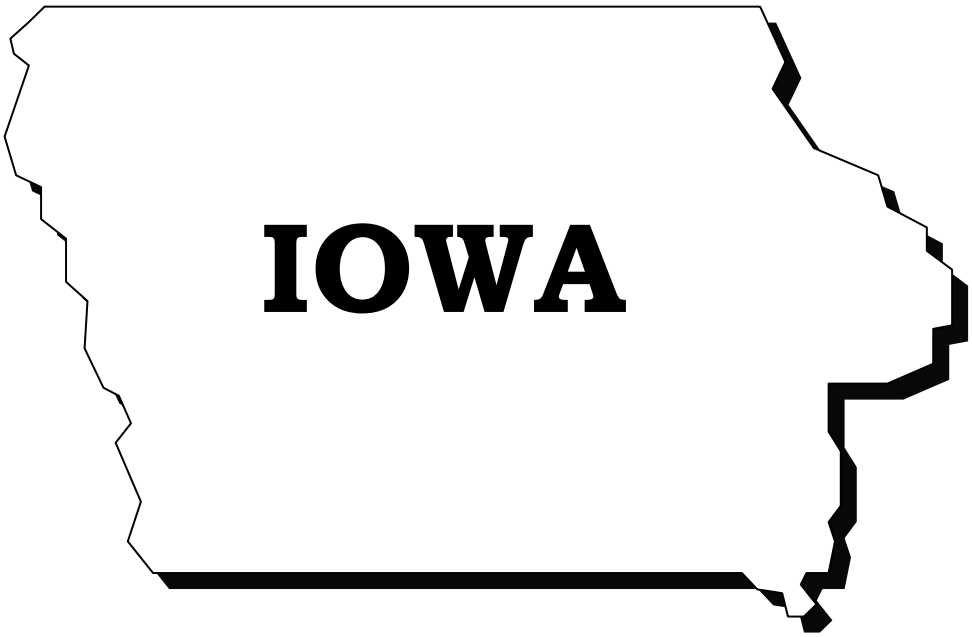
STATE OF IOWA

Statement of Cash Flows
Proprietary Funds

For the Year Ended June 30, 2009
(Expressed in Thousands)
(continued)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -
	UNIVERSITY FUNDS	UNEMPLOYMENT BENEFITS FUND	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	$ (685,926)	$ (229,480)	$ 125,369	$ (790,037)	$ (835)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	218,272	-	10,003	228,275	15,607
(Increase) decrease in accounts receivable	(19,560)	(12,783)	(1,638)	(33,981)	216
(Increase) decrease in due from	-	918	7	925	(2,058)
(Increase) decrease in inventory	(56)	-	959	903	(229)
(Increase) decrease in prepaid expenses	(649)	-	123	(526)	240
(Increase) decrease in loans receivable	2,538	-	-	2,538	-
(Increase) decrease in other assets	(137)	-	-	(137)	-
Increase (decrease) in accounts payable	49,874	23,487	(4,476)	68,885	1,486
Increase (decrease) in due to	-	-	(36)	(36)	1
Increase (decrease) in unearned revenue	(7,185)	(792)	773	(7,204)	(331)
Increase (decrease) in compensated absences	9,875	-	228	10,103	63
Increase (decrease) in prizes payable	-	-	(357)	(357)	-
Increase (decrease) in prize annuity	-	-	(4,377)	(4,377)	-
Increase (decrease) in other liability	(94)	-	-	(94)	(73)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**$ (433,048)**	**$ (218,650)**	**$ 126,578**	**$ (525,120)**	**$ 14,087**
NONCASH INVESTING, CAPITAL & RELATED FINANCING ACTIVITIES					
Net change in fair value of investments not reported as cash equivalents	$ 2,146	$ -	$ -	$ 2,146	$ -
Capital assets acquired through capital leases	6,175	-	-	6,175	-
Capital assets contributed	11,014	-	14,446	25,460	-
TOTAL NONCASH INVESTING, CAPITAL & RELATED FINANCING ACTIVITIES	**$ 19,335**	**$ -**	**$ 14,446**	**$ 33,781**	**$ -**

The notes are an integral part of the financial statements.


IOWA

FIDUCIARY FUND FINANCIAL STATEMENTS

Fiduciary Funds are presented by fund in the Supplementary Information section.

STATE OF IOWA

Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2009
(Expressed in Thousands)

	PENSION & OTHER EMPLOYEE BENEFIT FUNDS	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS
ASSETS			
Cash & cash equivalents	$ 341,666	$ 2,601	$ 205,990
Receivables:			
Accounts (net)	-	2,801	149,954
Contributions	54,070	-	-
Investments sold	349,559	-	-
Foreign exchange contracts	5,363	-	-
Interest & dividends	63,159	-	-
Total receivables	472,151	2,801	149,954
Investments, at fair value:			
Fixed income securities	8,295,872	-	-
Equity investments	6,303,245	1,851,340	-
Real estate partnerships	1,516,477	-	-
Investment in private equity/debt	2,080,317	-	-
Securities lending collateral pool	778,700	-	-
Securities on loan with brokers	26,663	-	-
Total investments	19,001,274	1,851,340	-
Capital assets:			
Land	500	-	-
Other - depreciable (net)	14,496	6	-
Total capital assets	14,996	6	-
Other assets	-	17	-
TOTAL ASSETS	**19,830,087**	**1,856,765**	**355,944**
LIABILITIES			
Accounts payable & accruals	28,708	298	355,944
Payable for investments purchased	675,191	-	-
Payable to brokers for rebate & collateral	836,908	-	-
TOTAL LIABILITIES	**1,540,807**	**298**	**355,944**
NET ASSETS			
Held in trust for:			
Employees' benefits	18,289,280	-	-
Individuals, organizations & other governments	-	1,856,467	-
TOTAL NET ASSETS	**$ 18,289,280**	**$ 1,856,467**	**$ -**

The notes are an integral part of the financial statements.

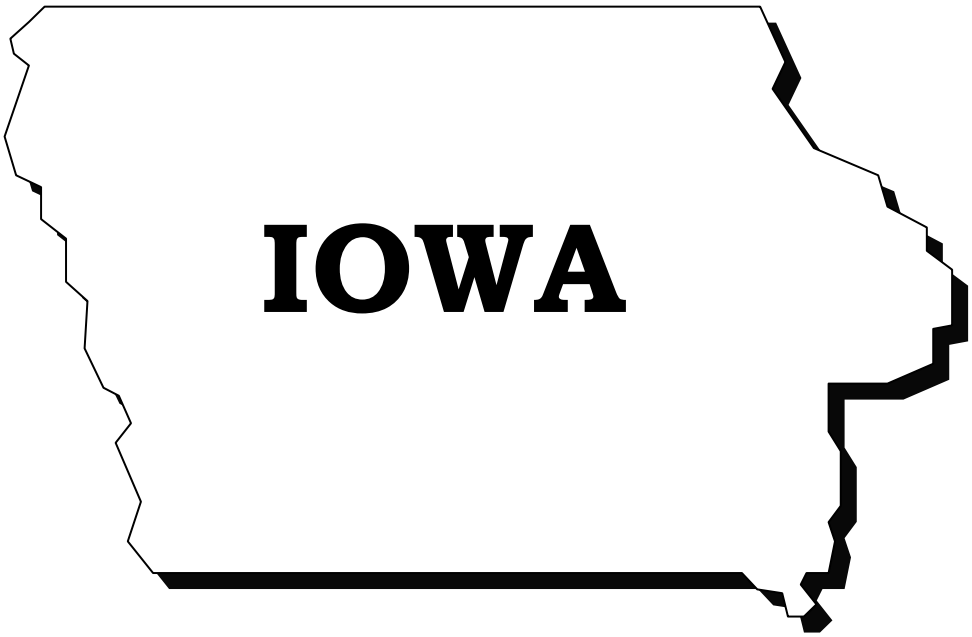
STATE OF IOWA

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

For the Year Ended June 30, 2009
(Expressed in Thousands)

	PENSION & OTHER EMPLOYEE BENEFIT FUNDS	PRIVATE PURPOSE TRUST FUNDS
ADDITIONS		
Contributions:		
Member/participant contributions	$ 278,516	$ 267,632
Employer contributions	430,942	-
Buy-back/buy-in contributions	9,301	-
Other contributions	-	2,800
Gifts, bequests & endowments	-	171
Total contributions	718,759	270,603
Investment income (loss):		
Net decrease in fair value of investments	(4,449,179)	(383,795)
Interest	385,819	34
Dividends	66,026	-
Other	116,627	-
Total investment loss	(3,880,707)	(383,761)
Less investment expense	42,728	-
Net investment loss	(3,923,435)	(383,761)
TOTAL ADDITIONS	**(3,204,676)**	**(113,158)**
DEDUCTIONS		
Pension & annuity benefits	1,210,795	-
Distributions to participants	-	107,920
Payments in accordance with agreements	1,060	-
Administrative expense	11,063	-
Refunds	34,347	-
Other	-	941
TOTAL DEDUCTIONS	**1,257,265**	**108,861**
CHANGE IN NET ASSETS	**(4,461,941)**	**(222,019)**
NET ASSETS - JULY 1	**22,751,221**	**2,078,486**
NET ASSETS - JUNE 30	**$ 18,289,280**	**$ 1,856,467**

The notes are an integral part of the financial statements.


IOWA

COMPONENT UNIT FINANCIAL STATEMENTS

Iowa Finance Authority issues bonds to assist in attainment of adequate housing for special needs individuals such as the low to moderate income and the disabled and to provide limited types of financing to small businesses.

Iowa Higher Education Loan Authority provides for the financing of educational loans for students attending private educational institutions in the state and financing for acquisition, construction and renovation of educational facilities.

Iowa Agricultural Development Authority undertakes programs which assist beginning farmers in purchasing land, improvements and property for agricultural purposes and provides financing for agricultural and soil conservation development and other various agricultural development programs.

Iowa State Fair Authority conducts the annual State Fair and Exposition and other interim events on the Iowa State Fairgrounds.

The University of Iowa Foundation, Iowa State University Foundation and University of Northern Iowa Foundation act primarily as fund-raising organizations to supplement the resources available to the State universities.

STATE OF IOWA
Statement of Net Assets
Component Units
June 30, 2009
(Expressed in Thousands)

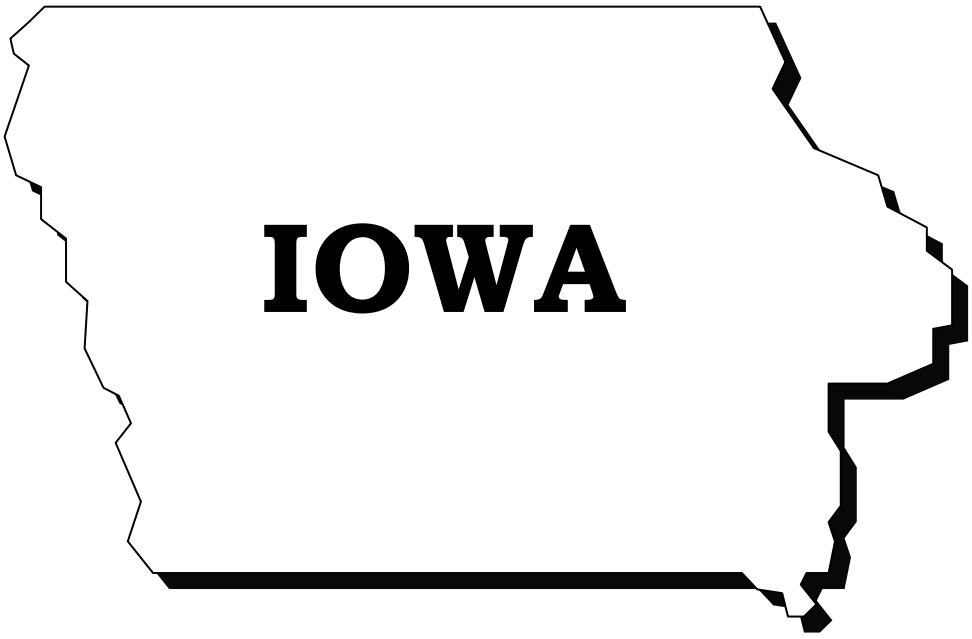
	IOWA FINANCE AUTHORITY	IOWA HIGHER EDUCATION LOAN AUTHORITY	IOWA AGRICULTURAL DEVELOPMENT AUTHORITY	IOWA STATE FAIR AUTHORITY	UNIVERSITY OF IOWA FOUNDATION	IOWA STATE UNIVERSITY FOUNDATION	UNIVERSITY OF NORTHERN IOWA FOUNDATION	TOTAL COMPONENT UNITS
ASSETS								
Current assets:								
Cash & investments	$ 590,411	$ 1,350	$ 809	$ 8,628	$ 251,035	$ 102,929	$ 16,280	$ 971,442
Cash & investments - restricted	58,187	11	-	-	-	-	-	58,198
Accounts receivable	-	-	-	7,702	45,761	25,792	2,215	81,470
Interest receivable	9,025	6	56	8	-	-	24	9,119
Loans receivable (net)	34,149	-	253	-	-	40	-	34,442
Inventory	-	-	-	214	-	-	-	214
Prepaid expenses	-	-	-	-	355	-	21	376
Other	2,783	-	-	-	-	-	-	2,783
Total current assets	694,555	1,367	1,118	16,552	297,151	128,761	18,540	1,158,044
Noncurrent assets:								
Cash & investments	-	-	-	-	-	356,419	-	356,419
Cash & investments - restricted	1,054,348	-	2,385	-	442,588	-	43,448	1,542,769
Accounts receivable	-	-	-	5,105	67,322	73,046	3,942	149,415
Loans receivable (net)	756,253	-	2,631	-	-	825	-	759,709
Capital assets - nondepreciable	716	-	-	16,565	-	960	-	18,241
Capital assets - depreciable (net)	2,791	2	12	41,567	22,225	2,235	1,160	69,992
Other	10,966	-	-	-	-	5,646	1,160	17,772
Total noncurrent assets	1,825,074	2	5,028	63,237	532,135	439,131	49,710	2,914,317
TOTAL ASSETS	**2,519,629**	**1,369**	**6,146**	**79,789**	**829,286**	**567,892**	**68,250**	**4,072,361**
LIABILITIES								
Current liabilities:								
Accounts payable & accruals	25,359	15	18	866	1,002	1,937	1,622	30,819
Interest payable	32,242	-	-	-	-	-	-	32,242
Unearned revenue	480	-	-	-	-	-	-	480
Compensated absences	-	-	19	299	989	452	-	1,759
Capital leases	-	-	-	10	590	-	-	600
Bonds payable	140,653	-	-	-	-	113	-	140,766
Funds held in custody	-	-	-	-	57,362	2,315	-	59,677
Total current liabilities	198,734	15	37	1,175	59,943	4,817	1,622	266,343
Noncurrent liabilities:								
Accounts payable & accruals	6,085	-	-	45	24,435	21,148	4,917	56,630
Unearned revenue	11,620	-	-	-	-	-	-	11,620
Compensated absences	-	-	42	657	-	-	-	699
Capital leases	-	-	-	13	6,295	-	-	6,308
Bonds payable	1,480,060	-	-	-	-	2,848	-	1,482,908
Funds held in custody	-	-	-	-	-	3,899	-	3,899
Total noncurrent liabilities	1,497,765	-	42	715	30,730	27,895	4,917	1,562,064
TOTAL LIABILITIES	**1,696,499**	**15**	**79**	**1,890**	**90,673**	**32,712**	**6,539**	**1,828,407**
NET ASSETS								
Invested in capital assets, net of related debt	1,056	2	12	58,132	15,340	233	-	74,775
Restricted for specific purposes	810,550	-	5,314	9,163	442,588	522,076	64,085	1,853,776
Unrestricted	11,524	1,352	741	10,604	280,685	12,871	(2,374)	315,403
TOTAL NET ASSETS	**$ 823,130**	**$ 1,354**	**$ 6,067**	**$ 77,899**	**$ 738,613**	**$ 535,180**	**$ 61,711**	**$ 2,243,954**

The notes are an integral part of the financial statements.

STATE OF IOWA
Statement of Activities
Component Units
For the Year Ended June 30, 2009
(Expressed in Thousands)

	IOWA FINANCE AUTHORITY	IOWA HIGHER EDUCATION LOAN AUTHORITY	IOWA AGRICULTURAL DEVELOPMENT AUTHORITY	IOWA STATE FAIR AUTHORITY	UNIVERSITY OF IOWA FOUNDATION	IOWA STATE UNIVERSITY FOUNDATION	UNIVERSITY OF NORTHERN IOWA FOUNDATION	TOTAL COMPONENT UNITS
Expenses	$ 143,568	$ 1,314	$ 542	$ 17,865	$ 79,192	$ 72,442	$ 11,444	$ 326,367
Program revenues:								
Charges for services	16,459	599	420	17,171	-	-	-	34,649
Operating grants & contributions	72,623	-	26	2,831	95,995	74,943	8,872	255,290
Capital grants & contributions	-	-	-	4,500	-	-	-	4,500
Total program revenues	89,082	599	446	24,502	95,995	74,943	8,872	294,439
Net program (expenses) revenues	(54,486)	(715)	(96)	6,637	16,803	2,501	(2,572)	(31,928)
General revenues:								
Investment income (loss)	140,245	-	84	355	(100,519)	(78,028)	(15,178)	(53,041)
Other	116	-	-	5,000	-	325	263	5,704
Total general revenues	140,361	-	84	5,355	(100,519)	(77,703)	(14,915)	(47,337)
Change in net assets	85,875	(715)	(12)	11,992	(83,716)	(75,202)	(17,487)	(79,265)
NETS ASSETS - JULY 1	**737,255**	**2,069**	**6,079**	**65,907**	**822,329**	**610,382**	**79,198**	**2,323,219**
NET ASSETS - JUNE 30	**$ 823,130**	**$ 1,354**	**$ 6,067**	**$ 77,899**	**$ 738,613**	**$ 535,180**	**$ 61,711**	**$ 2,243,954**

The notes are an integral part of the financial statements.


IOWA

STATE OF IOWA

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements of the State of Iowa have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

B. Financial Reporting Entity

For financial reporting purposes, the State of Iowa includes all funds, departments, agencies and universities of the State. The State has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the State to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State.

As required by GAAP, these financial statements present the State of Iowa (the primary government) and its component units. The component units are included in the State's reporting entity because of the significance of their operational or financial relationships with the State. The individual component unit financial statements can be obtained by contacting: Iowa Department of Administrative Services, State Accounting Enterprise, 3rd Floor, Hoover State Office Bldg., Des Moines, IA 50319.

Blended Component Units

These component units are entities which are legally separate from the State, but are so intertwined with the State that they are, in substance, the same as the State. They are reported as part of the State's primary government and are blended with the appropriate funds.

- Iowa Public Television Foundation (Special Revenue and Permanent Funds) serves as a funding medium for Iowa Public Television. It solicits and manages gifts of money or property for the exclusive purpose of granting gifts of money or property to Iowa Public Television. Iowa Public Television has sole discretion as to the use of the money or property. The State appoints a voting majority of the Foundation's board and has the ability to impose its will on the organization, as it can make personnel decisions regarding the management of the Foundation.
- Tobacco Settlement Authority (Special Revenue Fund) was created to issue bonds to securitize payments due to the State pursuant to the Master Settlement Agreement between the State and the five largest tobacco manufacturers. The Authority's board consists of the Treasurer of State, Auditor of State and the Director of the Department of Management. The State has the ability to impose its will on the Authority and its sole purpose is to provide a secure and stable source of revenue from the tobacco settlement for the State.
- Iowa Lottery Authority (Enterprise Fund) was created to operate the State Lottery. The five members of the board of directors are appointed by the governor and confirmed by the Senate. The State has the ability to impose its will on the Authority and its purpose is to produce the maximum amount of net revenues for the State in a dignified manner that maintains the general welfare of the people.
- Honey Creek Premier Destination Park Authority (Special Revenue Fund), herein referred to as Honey Creek Authority, was created to issue bonds to provide financing for the development of the Honey Creek Park (Enterprise Fund). The Authority's board consists of the Treasurer of State, Auditor of State and the Director of the Department of Management. The State has the ability to impose its will on the Authority and its purpose is to provide for and secure the issuance and repayment of its bonds.

Discrete Component Units

These component units are entities which are legally separate from the State, but are financially accountable to the State, or its relationship with the State is such that exclusion would cause the State's financial statements to be misleading or incomplete. The Component Units include the financial data of these entities.

- Iowa Finance Authority (Proprietary) issues bonds to assist in attainment of adequate housing for special needs individuals such as low to moderate income and the disabled, and to provide limited types of financing to small businesses. The nine members of the board of directors are appointed by the Governor and confirmed by the Senate.

- Iowa Higher Education Loan Authority (Proprietary) provides for the financing of educational loans for students attending private educational institutions in the State and for financing the acquisition, construction and renovation of educational facilities. The five members of the board of directors are appointed by the Governor and confirmed by the Senate. The State has the ability to impose its will upon the Authority.
- Iowa Agricultural Development Authority (Proprietary) undertakes programs which assist beginning farmers in purchasing land, improvements and property for agricultural purposes and provides financing for agricultural and soil conservation development and other various agricultural development programs. The State appoints a voting majority of the organization and is able to impose its will on the Authority.
- Iowa State Fair Authority (Proprietary) conducts the annual State Fair and Exposition and other interim events on the Iowa State Fairgrounds. The State must approve any bonds issued by the Authority (October 31 year end).
- The University of Iowa Foundation, Iowa State University Foundation and University of Northern Iowa Foundation (Foundations) are legally separate, tax exempt entities. They act primarily as fund-raising organizations to supplement the resources available to the State Universities (Universities) in support of their programs. Although the State does not control the timing or amount of receipts from the Foundations, the majority of resources they hold and invest or income thereon is restricted to the activities of the Universities by the donors. Because the majority of these restricted resources can only be used by, or for the benefit of the Universities, they are considered a component unit of the State and are discretely presented in the financial statements.

  During the year ended June 30, 2009, the Foundations distributed $121.7 million to the Universities for academic and institutional support.

  The Foundations are private nonprofit organizations that report under FASB standards, including FASB Statement No. 117, (*Financial Reporting for Not-for-Profit Organizations*). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundations' financial information; however, the Foundations' assets and liabilities and revenues and expenses were reformatted to correspond to the State's reporting format for the Statement of Net Assets and Statement of Activities.

Related Organizations

These related organizations are excluded from the reporting entity because the State's accountability does not extend beyond appointing a voting majority of the organizations' board members. Financial statements are available from the respective organizations.

- Iowa Student Loan Liquidity Corporation
- Iowa Comprehensive Health Association
- Turkey Marketing Council

C. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Net Assets and Statement of Activities report information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The **Statement of Net Assets** presents the State's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

- *Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.
- *Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

- *Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management but can be removed or modified.

When both restricted and unrestricted resources are available for use, generally it is the State's policy to use restricted resources first.

The **Statement of Activities** demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the government-wide statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with non-major funds being combined into a single column.

D. Financial Statement Presentation

The State reports the following major governmental funds:

General Fund

The *General Fund* is the State's principal operating fund. It accounts for all financial resources except those accounted for in another fund.

Special Revenue Funds

Tobacco Settlement Authority – The Tobacco Settlement Authority, a blended component unit of the State of Iowa, receives money from the Tobacco Collections Fund to pay for operating expenses and repayment of debt.

Tobacco Collections Fund – The Tobacco Collections Fund accounts for tobacco settlement monies received pursuant to a Master Settlement Agreement between the State of Iowa and the five largest tobacco manufacturers. The funds are then distributed to the Tobacco Settlement Authority and the Endowment for Iowa's Health Fund pursuant to the terms of a Sales Agreement (dated October 1, 2001, and amended November 1, 2005) between the State and the Tobacco Settlement Authority.

The State reports the following major proprietary funds:

Enterprise Funds

University Funds account for the operations of the State's public institutions of higher education. The State University of Iowa, Iowa State University and the University of Northern Iowa comprise this group.

The *Unemployment Benefits Fund* receives federal funds and contributions from employers to provide benefits to eligible unemployed workers.

In addition, the State reports the following fund types:

Governmental Funds

Special Revenue Funds account for the proceeds of specific revenue sources (other than permanent or capital projects) that are legally restricted to expenditures for a specified purpose.

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Permanent Funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the government or its citizenry.

Proprietary Funds

Enterprise Funds account for the activities for which fees are charged to external users for goods and services. This fund type is also used when the activity is financed with debt that is secured with fees and charges, as well as when the pricing policy of the activity is designated to recover its costs.

Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the State, or to other governmental units, on a cost reimbursement basis. The activities accounted for in internal service funds include information technology, fleet operations, printing and mail services and property management.

Fiduciary Funds

Pension and Other Employee Benefit Trust Funds account for resources that are required to be held for the members and beneficiaries of the State's defined benefit pension plans and other postemployment benefit plans. The pension plans included are the Iowa Public Employees' Retirement System (IPERS), Peace Officers' Retirement, Accident and Disability System (PORS) and the Judicial Retirement System (JRS).

Private Purpose Trust Funds account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations or other governments. Examples include Iowa Educational Savings Plan Trust, Veterans Affairs donations, Health Organization Insolvency Fund and GEAR-UP Fund.

Agency Funds account for resources held by the State in a purely custodial capacity. These funds include tax collections, fines, fees and payroll deductions.

E. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual; generally when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Most revenues, including taxes, fees, charges for services, refunds and reimbursements and receipts from other entities, are considered by the State to be available if collected within 60 days of the end of the fiscal year. Investment earnings are recorded as earned since they are measurable and available.

Expenditures are recognized when the related fund liability is incurred. An exception to the general modified accrual expenditure recognition criteria is the principal and interest on general long-term debt which is recognized when due. Income tax refunds are accrued for claims related to tax periods ended by June 30, of the fiscal year, and paid within 60 days.

Proprietary and fiduciary fund statements are reported using the economic resources measurement focus (except for agency funds which have no measurement focus) and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The State has elected to follow subsequent private-sector guidance.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions. *General revenues* include all taxes and investment income.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a

proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

In fiscal year 2009, the State of Iowa implemented the following GASB standard:

- GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments* – This Statement establishes consistent standards for reporting of land and other real estate in endowments and more closely aligns financial reporting with the objectives of endowments.

Lottery Revenues and Prizes

The Lottery uses an on-line instant verification system for the sale and validation of instant tickets. Instant ticket sales are recognized when a retailer settles a pack of tickets. Revenues for pull-tab games are recognized upon the sale of tickets to the retail sales agents. Revenues for Lotto games are recognized after the jackpot drawings are held. Deferred revenue represents Lotto tickets sold for future prize drawings.

The prize liabilities for the Lotto games are determined by actual matches and are recognized after the jackpot drawings are held.

F. Cash, Investments and Securities Lending

Cash in most funds is held in the State treasury and is commingled in State bank accounts and investments. The moneys of most funds are pooled together and invested as an investment pool by the Treasurer of State (Treasurer). However, moneys of some funds may be invested separately from the investment pool where permitted by statute.

Investment earnings of the investment pool are allocated to the individual funds as provided by statute. Income of $35,744,107 associated with certain funds has been assigned to other funds for fiscal year 2009.

The Treasurer's deposits in financial institutions throughout the year and at year end were entirely covered by the Federal Deposit Insurance Corporation, collateral held by the Treasurer's custodial banks in the Treasurer's name or by the bank assessment provisions of Section 12C.23 of the Code of Iowa.

The Treasurer may invest in obligations of the United States government, its agencies and instrumentalities; certificates of deposit in Iowa financial institutions; prime bankers acceptances, commercial paper or other short-term corporate debt; perfected repurchase agreements; money market mutual funds organized in trust form and other investments as permitted by Section 12B.10 of the Code of Iowa.

Investments are valued at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Fair value is calculated at market price at the close of business on June 30 by independent pricing services utilized by the Treasurer's custodian bank. However, certain cash equivalent investments such as commercial paper, bankers' acceptances, certificates of deposit, guaranteed investment contracts and discount notes issued by government agencies are valued using purchase price. IPERS has derivatives that are reported on the Statement of Fiduciary Net Assets at fair value. (For Pension plans, see NOTE 16.)

Certain State institutions participate in the Iowa Public Agency Investment Trust (IPAIT), a state and local government pooled investment account, created by Iowa Code Chapter 28E. IPAIT is managed by Investors Management Group and is registered with the Securities and Exchange Commission. IPAIT follows established money market mutual fund parameters designed to maintain a $1 per unit net asset value.

Cash and cash equivalents include currency on hand, demand deposits with banks or other financial institutions, investments readily convertible to known amounts of cash and investments so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. In the Statements of Cash Flows, investments with an original maturity of three months or less are considered cash equivalents.

IPERS, PORS and JRS (together the "Systems") participate in a securities lending program with the State's custodian bank. The participation of IPERS is authorized by the Code of Iowa and the participation of PORS and JRS is authorized by their Boards of Trustees. The custodian bank is responsible for operating the program and is permitted to lend any of the securities it holds in custody for the Systems to broker-dealers and other entities in exchange for collateral. The custodian bank is permitted to accept collateral in the form of cash in U.S. dollars, U.S. government securities or irrevocable letters of credit. The types of securities on loan included equity investments and fixed income securities.

A borrower is required to initially deliver collateral in an amount equal to 102% of the market value of any U.S. securities lent and 105% of the market value of any non-U.S. securities lent. Borrowers are required to provide additional collateral any time the value of the collateral drops below 100% of the value of the security lent plus accrued interest income. Securities received as collateral cannot be sold or pledged unless the borrower defaults.

At year-end, IPERS had $135,783 in credit risk exposure to borrowers because the amounts the borrowers owed IPERS exceeded the amounts IPERS owed them on 18 separate loans. Additional collateral was provided the next business day, eliminating this exposure. At year-end, PORS and JRS had no credit risk exposure to borrowers because the amounts the borrowers owed PORS and JRS did not exceed the amount owed them. The contracts with the custodian bank requires it to indemnify the Systems if a borrower fails to return the securities or fails to return all of the income attributable to securities on loan. As of June 30, 2009, the Systems had securities on loan, including accrued interest income, with a total value of $816,840,558 against collateral with a total value of $836,908,470.

The majority of securities loans are open loans, i.e. one day maturity, where the rebate rate due the borrower is renegotiated daily. All securities loans can be terminated on demand by either the Systems or the borrower. Cash collateral received from borrowers is invested in a cash collateral investment pool which is managed by the custodian bank in accordance with investment guidelines established by the Systems. The investment guidelines do not require a matching of investment maturities with loan maturities, but do establish minimum levels of liquidity and other investment restrictions designed to minimize the interest rate risk associated with not matching the maturity of the investments with the loans. (See NOTE 2.)

The effective duration of the cash collateral pool at June 30, 2009, for IPERS was 16 days. Years to Maturity and Credit Quality statistics for the cash collateral pool at June 30, 2009, for IPERS are as follows (expressed in thousands):

Securities Lending Collateral Pool
Years to Maturity

Investment Type	Fair Value	Investment Maturities (years) Less Than 1	1 to 5	Greater than 15
Corporate bonds	$ 175,541	$ 175,541	$ -	$ -
Corporate asset backed	121,926	49,756	59,863	12,307
Total corporate	297,467	225,297	59,863	12,307
Certificate of deposit	25,061	25,061	-	-
Bank note	14,805	14,805	-	-
Mutual funds	84,495	84,495	-	-
Overnight repurchase agreements	329,070	329,070	-	-
Total	$ 750,898	$ 678,728	$ 59,863	$ 12,307

Securities Lending Collateral Pool
Credit Risk - S & P Quality Ratings

Investment Type	Total	AAA	A	BBB	BB	CCC	A-1	Not Rated
Corporate bonds	$ 175,541	$ -	$ -	$ -	$ -	$ -	$ 175,541	$ -
Corporate asset backed	121,926	101,854	7,765	2,997	8,107	1,203	-	-
Total corporate	297,467	101,854	7,765	2,997	8,107	1,203	175,541	-
Certificate of deposit	25,061	-	-	-	-	-	25,061	-
Bank note	14,805	-	-	-	-	-	14,805	-
Mutual funds	84,495	-	-	-	-	-	-	84,495
Overnight repurchase agreements	329,070	-	-	-	-	-	-	329,070
Total	$ 750,898	$ 101,854	$ 7,765	$ 2,997	$ 8,107	$ 1,203	$ 215,407	$ 413,565

G. Accounts Receivable

Accounts receivable have been established and offset with proper provisions for estimated uncollectible accounts where applicable. Practically all receivables of governmental funds are due from other governmental entities, primarily the federal government, and are considered collectible. Receivables in other funds have arisen in the ordinary course of business.

Taxes receivable represent amounts due to the State at June 30, which will be collected sometime in the future. In the government-wide financial statements, a corresponding amount is recorded as revenue. In the governmental fund financial statements, the portion considered "available" is recorded as revenue; the remainder is recorded as deferred revenue.

H. Inventories

Inventories are valued at cost, which approximates market. The first-in/first-out (FIFO) cost flow method is used for the majority of inventories. Throughout the year costs of inventories are recorded as expenditures when purchased. For financial reporting purposes, expenditures are adjusted at fiscal year end for material inventory amounts to correlate with the consumption method. Inventory asset amounts are not available for budgetary appropriation as they have been charged to expenditures when purchased rather than when used.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items in both government-wide and fund financial statements. In governmental funds, prepaid items are accounted for using the consumption method and a portion of fund balance equal to the prepaid items has been reserved to indicate that it is not available for appropriation.

J. Capital Assets

Capital assets are reported in the government-wide financial statements and proprietary fund statements at historical cost. Donated capital assets are reported at their estimated fair market value at the time of acquisition. Capital assets utilized in governmental funds are reported as expenditures when purchased in the governmental fund financial statements. Infrastructure acquired after June 30, 1980, is reported. Reportable capital assets are defined by the State as assets above the following thresholds:

Infrastructure	$1 million
Land, buildings and improvements	$ 50,000
Equipment	$ 5,000

Capital assets are depreciated over their useful lives using the straight-line depreciation method. The government-wide financial statements, proprietary fund statements and component unit financial statements report depreciation expense. The following useful lives are used:

Infrastructure	10-50 years
Buildings	20-50 years
Improvements other than buildings	20-50 years
Equipment	2-20 years
Vehicles	3-10 years

K. Compensated Absences

Employees' compensated absences are accrued when earned. Accrued vacation is paid at 100% of the employee's hourly rate upon retirement, death or termination. With certain exceptions, accrued sick leave is paid at 100% of the employee's hourly rate to a maximum of $2,000 upon retirement. Employees may elect to use a portion of accrued sick leave balances to pay the state share of group health insurance premiums upon retirement. The liability for accrued compensated absences as reported in the government-wide and proprietary fund financial statements is based on the current rates of pay.

L. Long-term Liabilities

In the government-wide and proprietary fund financial statements, long-term debt and long-term liabilities are reported as liabilities. Bond issuance costs are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond discounts and issuance costs for proprietary fund types are generally deferred and amortized over the terms of the bonds using the bonds-outstanding method or straight-line method, which approximates the effective interest method.

Long-term liabilities that are due within one year of the date of the statements are classified as current liabilities.

In governmental fund types, bond discount and issuance costs are recognized in the current period.

M. Interfund Activity and Balances

Interfund Activity

As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this rule are: 1) activities between funds reported as governmental activities and funds reported as business-type activities and 2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct costs and program revenues for the functions concerned.

Interfund Balances

Interfund receivables and payables have been eliminated from the Statement of Net Assets, except for the residual amounts due between governmental and business-type activities.

N. Encumbrances

The State utilizes encumbrance accounting for budgetary control purposes. Obligations incurred for goods or services that have not been received or rendered are recorded to reserve that portion of the applicable fund balance. Section 8.33, unnumbered paragraph 2, of the Code of Iowa, states, “No payment of an obligation for goods or services shall be charged to an appropriation subsequent to the last day of the fiscal year for which the appropriation is made unless the goods or services are received on or before the last day of the fiscal year, except that repair projects, purchase of specialized equipment and furnishings, and other contracts for services and capital expenditures for the purchase of land or the erection of buildings or new construction or remodeling, which were committed and in progress prior to the end of the fiscal year are excluded from this provision.” That is, except for the above stated exceptions, the State must have received the goods or services on or before June 30, creating an actual liability, or the encumbrance is cancelled against that fiscal year. If the encumbrances are still valid after June 30, they become expenditures/expenses of the next fiscal year.

O. Budgeting and Budgetary Control

There are no material violations of finance-related legal and contractual provisions. Budgetary comparison schedules and related disclosures are reported as Required Supplementary Information (RSI).

NOTE 2 – CASH, INVESTMENTS AND SECURITIES LENDING

A. Primary Government and Fiduciary Funds

Investments of the primary government and fiduciary funds at June 30, 2009, are scheduled as follows (expressed in thousands):

Primary Government

Investment Type	Fair Value
Fixed:	
U.S. government treasuries, notes & bonds	$ 213,581
U.S. government agency	1,748,014
Government asset and mortgage-backed	7,035
Corporate bonds	131,548
Corporate asset backed	78,890
Private placements	18,413
Guaranteed investment contracts	64,147
Municipals	1,011
Commingled bond funds	237,145
Commercial paper	65,457
Certificate of deposit	14,163
Total fixed	2,579,404
Equity:	
U.S. equity	69,157
Private equity	6,296
Real estate	16,053
Commingled funds	173,112
Money market funds	729,304
Pooled & mutual funds	605,905
Investment pools	9,561
Total equity	1,609,388
Total invested assets	$ 4,188,792

Fiduciary Funds

Investment Type	Fair Value
Fixed:	
U.S. government treasuries, notes & bonds	$ 340,284
U.S. government agency	487,423
Government asset and mortgage-backed	1,214,234
Corporate bonds	2,292,267
Corporate asset backed	800,475
Private placements	629,764
Commingled bond funds	2,283,987
Convertible investments	6,724
Other fixed income	46,756
Total fixed	8,101,914
Equity:	
U.S. equity	2,298,207
Private equity	2,080,274
Real estate	1,506,906
Commingled & mutual funds	6,423,200
Other	9,082
Total equity	12,317,669
Total invested assets	$ 20,419,583

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the State.

State law limits the Treasurer's investment pool's investments in domestic commercial paper, maturing within 270 days from the date of purchase, to the highest rating of either Standard & Poor's or Moody's on the date of purchase, provided that no investment has a split rating. Investments in short-term corporate debt, other than commercial paper, maturing within 270 days from the date of purchase, are limited to one of the two highest ratings of either Standard & Poor's or Moody's on the date of purchase, provided that at the time of purchase no more than 5% of amounts invested in short-term corporate debt or commercial paper are rated in the second highest rating. Investments in obligations or guaranteed investment contracts of domestic corporations with maturities greater than 270 days from the date of purchase, are limited to long-term ratings of not less than A2 by Moody's and not less than A by Standard & Poor's. Investments in asset-backed securities are limited to those rated AAA by Standard & Poor's or Aaa by Moody's.

The State Board of Regents establishes policy and sets objectives for the Universities' investments. Credit quality limitations for investments of operating funds are: the weighted average credit quality of each institution's operating portfolio shall be AA or Aa as rated by Standard & Poor's or Moody's, respectively; up to 20% of each institution's operating portfolio may be invested in bonds rated A and BBB in order to enhance portfolio yield; commercial paper or other short-term corporate debt that matures within 270 days that is rated within the two highest classifications, as established by at least one of the standard rating services, provided that at the time of

purchase no more than 5% of all amounts invested in commercial paper and other short-term corporate debt shall be invested in paper and debt rated in the second highest classification; obligations of the Iowa Finance Authority (Authority) provided that at the time of purchase the Authority has an issuer credit rating within the two highest classifications or the obligations to be purchased are rated within the two highest classifications, as established by at least one of the standard rating services; corporate debt with a maturity of greater than 270 days that is rated investment grade by Standard & Poor's or Moody's (at least BBB- or Baa3, respectively), or by another Nationally Recognized Statistical Rating Organization (NRSRO), including Rule 144A Securities that are deemed to be of investment grade credit quality by the external or internal investment manager, at the time of purchase.

Credit quality limitations for the Universities' endowment funds are: the weighted average credit quality of each institution's endowment fixed income portfolio shall be AA or Aa as rated by Standard & Poor's or Moody's, respectively; up to 20% of each institution's operating portfolio may be invested in bonds rated A and BBB in order to enhance portfolio yield.

There are no policy limitations for credit risk exposures within the investment portfolios of the Systems. Each IPERS portfolio is managed in accordance with an investment contract that is specific as to permissible quality ranges and the average credit quality of the overall portfolios. Policies related to credit risk pertaining to IPERS', PORS' and JRS' securities lending program is found under the securities lending disclosures found in NOTE 1 F of these notes.

The State's exposure to credit risk for the fixed income investments of the primary government and fiduciary funds at June 30, 2009, is summarized by credit quality ratings, as follows (expressed in thousands):

Credit Risk - S & P Quality Ratings

Primary Government

Investment Type	TSY	AGY	AAA	AA	A	BBB	BB	B	A-1	NR
U.S. government treasuries, notes & bonds	$213,581	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
U.S. government agency	-	270,598	831,889	3,603	-	-	-	-	-	641,924
Government asset and mortgage-backed	-	6,763	-	-	-	-	-	-	-	272
Corporate bonds	-	5,474	18,066	24,598	48,559	22,973	4,321	-	-	7,557
Corporate asset backed	-	-	58,564	2,043	3,484	6,253	5,326	1,454	-	1,766
Private placements	-	-	1,056	5,727	6,863	2,259	-	-	-	2,508
Guaranteed investment contracts	-	-	-	-	-	-	-	-	-	64,147
Municipals	-	-	-	1,011	-	-	-	-	-	-
Commingled bond funds	34	3,057	63,118	85,396	1,813	915	1,296	20,443	60,882	191
Commercial paper	-	-	-	-	-	-	-	-	-	65,457
Certificate of deposit	-	-	-	-	-	-	-	-	-	14,163
Total	$213,615	$ 285,892	$ 972,693	$122,378	$ 60,719	$ 32,400	$ 10,943	$ 21,897	$ 60,882	$797,985

Fiduciary Funds

Investment Type	TSY	AGY	AAA	AA	A	BBB	BB	B	CC & Below	NR
U.S. government treasuries, notes & bonds	$274,726	$ -	$ 19,270	$ -	$ 13,177	$ 9,167	$ 5,756	$ -	$ -	$ 18,188
U.S. government agency	-	369,254	27,092	15,232	35,546	4,152	21,192	64	-	14,891
Government asset and mortgage-backed	-	1,183,255	11,600	-	293	15,473	-	419	-	3,194
Corporate bonds	-	-	335,143	128,462	406,975	449,725	380,371	407,290	140,665	43,636
Corporate asset backed	-	-	546,177	52,393	28,756	29,132	10,806	21,840	13,374	97,997
Private placements	-	-	64,685	53,629	17,109	60,312	92,611	52,890	26,987	261,541
Commingled bond funds	-	-	1,801,837	85,193	221,318	175,639	-	-	-	-
Convertible investments	-	-	-	-	-	1,410	-	2,980	2,231	103
Other fixed income	-	-	1,426	18,156	3,065	5,341	-	-	19	18,749
Total	$274,726	$1,552,509	$2,807,230	$353,065	$726,239	$750,351	$510,736	$485,483	$ 183,276	$458,299

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The Treasurer manages interest rate risk by utilizing a buy-and-hold strategy, maturity limitations and diversification parameters and liquidity requirements set by the Investment Committee.

Maturity Limitations: No investment shall be made in a U.S. Treasury note or bond with a maturity that exceeds ten years, a U.S. government agency note or bond, or a U.S. government instrumentality note or bond with a maturity that exceeds 61 months at the time of purchase. No investment shall be made in a U.S. government agency or instrumentality mortgage-backed security that has an expected average life greater than four years at the time of purchase. (The 61-month maturity limitation for U.S. Treasury, government agency or instrumentality securities does not apply to such securities if accepted as collateral under a repurchase agreement.) No investment shall be made in an asset-based security that has an expected average life greater than two years at the time of purchase. The maturities of commercial paper and bankers acceptances shall not exceed 270 days at the time of purchase. The maturities of all other investments shall not exceed 25 months at the time of purchase.

Maturity Diversification: The Investment Committee shall set permitted maximum dollar amounts that can be invested in specific maturity sectors that are consistent with the overall portfolio strategy and this investment policy.

Liquidity Reserve: The Investment Committee shall specify how much liquidity shall be reserved to ensure that adequate cash is available to meet any unexpected expenditures that may occur. The liquidity reserve should be continuously invested in money market mutual funds with Iowa financial institutions or short-term money market accounts.

The Universities policy for the operating portfolio prohibits investment in securities that at the time of purchase have effective maturities exceeding 63 months and that the maximum duration of each portfolio shall not exceed the duration of the Merrill 1-3 Government/Corporate Index by more than 20%. There is no explicit limit on the average maturity of fixed income securities in the endowment portfolio.

IPERS manages interest rate risk within the portfolio using the effective duration or option-adjusted methodology. It is widely used in the management of fixed income portfolios in that it quantifies to a much greater degree the risk of interest rate changes. The methodology takes into account optionality on bonds and scales the risk of price changes on bonds depending upon the degree of change in rates and the slope of the yield curve. All of the System's fixed income portfolios are managed in accordance with investment contracts that require that the effective duration of the portfolio shall always remain between 80% and 120% of the effective duration measure of the Index.

The State's exposure to interest rate risk for the fixed income investments of the primary government and the fiduciary funds at June 30, 2009, is summarized using the effective duration method, as follows (expressed in thousands):

Primary Government

Investment Type	Fair Value	Effective Duration (Years)
U.S. government treasuries, notes & bonds	$ 213,581	2.98
U.S. government agency	1,748,014	0.67
Government asset and mortgage-backed	7,035	0.80
Corporate bonds	131,548	2.33
Corporate asset backed	78,890	2.09
Private placements	18,413	2.83
Guaranteed investment contracts	64,147	35.05
Municipals	1,011	0.38
Commingled bond funds	237,145	3.08
Commercial paper	65,457	0.15
Certificate of deposit	14,163	0.29
Total	$ 2,579,404	2.07

Fiduciary Funds

Investment Type	Fair Value	Effective Duration (Years)
U.S. government treasuries, notes & bonds	$ 340,284	7.64
U.S. government agency	487,423	2.95
Government asset and mortgage-backed	1,214,234	2.55
Corporate bonds	2,292,267	4.67
Corporate asset backed	800,475	5.29
Private placements	629,764	4.12
Commingled bond funds	2,283,987	4.29
Convertible investments	6,724	2.24
Other fixed income	46,756	5.16
Total	$ 8,101,914	4.29

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. From time to time, IPERS' external managers may or may not hedge the portfolio's foreign currency exposures with currency forward contracts depending upon their views on a specific foreign currency relative to the U.S. dollar. IPERS' currency policy is to manage the non-dollar portion of the global fixed income allocation against a 100% hedged benchmark and may allow its non-dollar equity managers to hedge on a selective basis for the protection of the asset values. IPERS will not manage currency as a separate asset class or enter into speculative currency positions. (i.e., currency positions greater than 100% or less than 0% of the underlying asset exposure) in its portfolio, except as it relates to specific cross-hedging activity, which may be permitted in certain investment guidelines. Foreign currency risk by investment type for the pension system fiduciary funds, at June 30, 2009, follows (expressed in thousands):

	Total	Fixed Income	Equity	Alternative Investments	Cash
Argentine peso	$ 1	$ -	$ -	$ -	$ 1
Australian dollar	104,775	1,855	78,458	21,777	2,685
Brazilian real	15,733	-	15,733	-	-
British pound sterling	126,790	4,543	137,209	(17,490)	2,528
Canadian dollar	(17,762)	2,269	143	(20,102)	(72)
Chilean peso	526	-	523	-	3
Chinese renminbi	3,445	-	3,445	-	-
Colombian peso	1,836	-	1,836	-	-
Czech koruna	1,164	-	1,164	-	-
Danish krone	11,141	-	11,141	-	-
Egyptian pound	3,986	-	3,986	-	-
Euro currency	539,197	14,899	577,428	(54,711)	1,581
Hong Kong dollar	112,083	-	113,301	-	(1,218)
Hungarian forint	1,850	-	2,680	(830)	-
Iceland krona	454	454	-	-	-
Indian rupee	14,859	-	14,859	-	-
Indonesian rupiah	11,297	438	10,859	-	-
Israeli shekel	3,043	-	5,476	(2,433)	-
Japanese yen	256,685	-	282,898	(30,503)	4,290
Malaysian ringgit	7,659	-	7,659	-	-
Mexican nuevo peso	3,843	-	4,937	(1,094)	-
New Taiwan dollar	50,350	-	50,336	-	14
New Zealand dollar	2,855	1,165	-	1,464	226
Norwegian krone	18,065	-	9,632	8,433	-
Philippine peso	2,843	-	2,843	-	-
Polish zloty	1,314	13,177	826	(12,689)	-
Singapore dollar	17,284	979	19,160	(967)	(1,888)
South African rand	32,998	-	32,998	-	-
South Korean won	44,325	-	44,246	-	79
Swedish krona	12,576	-	10,106	2,470	-
Swiss franc	81,015	-	57,610	23,405	-
Thai baht	8,888	-	8,888	-	-
Turkish new lira	6,670	-	6,670	-	-
Total	$ 1,481,788	$ 39,779	$ 1,517,050	$ (83,270)	$ 8,229

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. Policies of the Treasurer, Universities and Systems limit investment in any single issuer or corporate entity to no more than 5% of the market value of the portfolio or account. The policy does not apply to investments in U.S. Treasuries, government agencies or instrumentalities.

Custodial Credit Risk

Deposits: Custodial credit risk for deposits is the risk that in the event of a bank failure, the State's deposit may not be returned to it. Protection from custodial credit risk exists for the State's deposits in excess of FDIC insurance coverage. Banks in Iowa which accept public fund deposits are required to pledge collateral in an amount equal to, or in excess of, the total amount by which the public funds deposits in the bank exceeds the total capital of the bank. If a bank fails, the Treasurer would liquidate any collateral that the bank had pledged and use the proceeds to repay public units. If the proceeds from the sale of the collateral were not sufficient to reimburse the public units, the Treasurer would use money from the sinking fund to make the public units whole. If there is not enough money in the sinking fund to cover the uninsured public deposits, the Treasurer would assess a proportional share of the loss against all remaining banks whose public funds deposits exceeded FDIC insurance to satisfy the remaining loss. The Universities and the Systems have no formal policy for custodial credit risk. The $831,643,133 total combined bank deposits of the primary government and fiduciary funds at June 30, 2009, was exposed to custodial credit risk for $62,609 of uninsured and uncollateralized bank deposits.

Investments: Custodial credit risk for investments is the risk that in the event of a failure of the counterparty, the State will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Treasurer, Universities and Systems have no formal policy for investment custodial credit risk. Of the $24,608,374,103 total combined investments of the primary government and fiduciary funds at June 30, 2009, $1,190,077 was exposed to custodial credit risk as uninsured and unregistered, with the securities held by the counterparty, or by its trust department or agent but not in the State's name.

B. Component Units

Investments of the component units at June 30, 2009, are scheduled as follows (expressed in thousands):

Investment Type	Fair Value
Fixed:	
U.S. government treasuries, notes & bonds	$ 8,367
U.S. government TIPS	9,473
U.S. government agency	50,460
Government asset and mortgage-backed	1,045,584
Corporate bonds	1,301
Guaranteed investment contracts	177,536
Total fixed	1,292,721
Equity:	
Money market funds - commingled	211,106
Total invested assets	$ 1,503,827

The Universities Foundations' cash and investments of $1,212,699,000 are not subject to GASB disclosure requirements.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the component units. The component units have no formal policy to manage credit risk. The exposure to credit risk for the component units fixed income investments at June 30, 2009, is summarized by credit quality ratings, as follows (expressed in thousands):

Credit Risk - S & P Quality Ratings

Investment Type	TSY	AGY	AAA	AA	A	BBB
U.S. government treasuries, notes & bonds	$ 8,367	$ -	$ -	$ -	$ -	$ -
U.S. government TIPS	9,473	-	-	-	-	-
U.S. government agency	-	50,460	-	-	-	-
Government asset and mortgage-backed	-	-	1,045,584	-	-	-
Corporate bonds	-	-	-	1,301	-	-
Guaranteed investment contracts	-	-	4,765	62,727	107,711	2,333
Total	$ 17,840	$ 50,460	$ 1,050,349	$ 64,028	$ 107,711	$ 2,333

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The component units do not have formal policies that limit investment maturities as a means of managing exposure to credit risk. The component units' exposure to interest rate risk for the fixed income investments at June 30, 2009, is summarized using the weighted average maturity method, as follows (expressed in thousands):

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. government treasuries, notes & bonds	$ 8,367	6.44
U.S. government TIPS	9,473	5.30
U.S. government agency	50,460	1.40
Government asset and mortgage-backed	1,045,584	26.18
Corporate bonds	1,301	3.60
Guaranteed investment contracts	177,536	0.50
Total	$ 1,292,721	21.39

C. University Endowments

For donor restricted endowments, Chapter 540A of the Code of Iowa permits Universities to spend endowment income and to appropriate, within certain limitations, an amount of realized and unrealized endowment appreciation as the Universities determine to be prudent considering their long-term and short-term needs, their present and anticipated financial requirements, expected total return on investments, price level trends and general economic conditions.

The Universities' policy is to retain the realized and unrealized appreciation with the endowment pursuant to the spending rules of the Universities. Spending rules for the Universities are as follows:

- The University of Iowa's spending rule is that 5.0% of market value of the endowment, based on a twelve quarter rolling market average, will be calculated and distributed.
- Iowa State University's spending rule is that 5.5% of market value, based on a three-year rolling market average, will be calculated and distributed per the requirements of the endowment.
- The University of Northern Iowa's spending rule is that 5.0% of market value of the endowment, based on a rolling market average, will be calculated and distributed.

Net appreciation (depreciation) of endowment funds available to meet spending rate distribution are as follows:

	Amount	Net Asset Classification
University of Iowa	$ (2,400,000)	Restricted nonexpendable net assets
Iowa State University	$ (11,499,259)	Restricted nonexpendable net assets
University of Northern Iowa	$ 421,080	Restricted expendable net assets

NOTE 3 – TRANSFERS

Interfund transfers for the year ended June 30, 2009, consisted of the following (expressed in thousands):

	Transferred In					
Transferred Out	General Fund	Nonmajor Governmental Funds	University Funds	Unemployment Benefits Fund	Nonmajor Enterprise Funds	Total
General Fund	$ -	$ 150,530	$ 740,342	$ 68	$ 4,057	$ 894,997
Tobacco Collections Fund	17,943	-	-	-	-	17,943
Nonmajor Governmental Funds	185,370	34,494	3,399	-	-	223,263
Unemployment Benefits Fund	2,520	-	-	-	-	2,520
Nonmajor Enterprise Funds	144,489	2,783	-	-	-	147,272
Total	$ 350,322	$ 187,807	$ 743,741	$ 68	$ 4,057	$ 1,285,995

Transfers are used to move: 1) revenues from the fund that statute requires to collect them to the fund that statute requires to expend them, 2) unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization and 3) profits from the Iowa Lottery Fund and Liquor Control Fund as required by law.

Not included in the table above are transfers totaling $14,446,248 for capital asset contributions from governmental activities to the business-type activities. These were appropriately recorded as expenditures and capital contributions in the governmental and business-type fund financial statements, respectively, and reclassified as transfers in the government-wide statement of activities.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2009, consisted of the following (expressed in thousands):

		Proprietary Funds		
	Governmental Funds	Business-type Activities Enterprise Funds	Governmental Activities Internal Service Funds	Component Units
Accounts receivable:				
Taxes	$ 461,122	$ -	$ -	$ -
Pledges	1,726	-	-	230,657
Benefit overpayment	-	36,858	-	-
Employer contributions	-	116,351	-	-
Grants & contracts	741,905	592,030	-	-
Other	761,527	96,026	1,001	29,069
Less allowance for doubtful accounts	425,606	269,319	-	7,971
Less discount to present value	-	-	-	20,870
Accounts receivable (net)	$ 1,540,674	$ 571,946	$ 1,001	$ 230,885
Current	$ 1,450,634	$ 546,134	$ 1,001	$ 81,470
Non-current	90,040	25,812	-	149,415
Total	$ 1,540,674	$ 571,946	$ 1,001	$ 230,885
Loans receivable:				
Loans receivable	$ 236,852	$ 74,171	$ -	$ 796,270
Less allowance for doubtful accounts	66,862	4,103	-	2,119
Loans receivable (net)	$ 169,990	$ 70,068	$ -	$ 794,151
Current	$ 20,986	$ 6,278	$ -	$ 34,442
Non-current	149,004	63,790	-	759,709
Total	$ 169,990	$ 70,068	$ -	$ 794,151

NOTE 5 – INTERFUND BALANCES

Interfund balances for the year ended June 30, 2009, consisted of the following (expressed in thousands):

	Due From Other Funds/Advances To Other Funds						
Due To Other Funds/ Advances From Other Funds	General Fund	Tobacco Settlement Authority	Nonmajor Governmental Funds	Unemployment Benefits Fund	Nonmajor Enterprise Funds	Internal Service Funds	Total
General Fund	$ -	$ -	$ 2,657	$ 855	$ 16	$ 60,255	$ 63,783
Tobacco Settlement Authority	101	-	-	-	-	-	101
Tobacco Collections Fund	-	50,931	-	-	-	-	50,931
Nonmajor Governmental Funds	21,411	12	3,569	-	-	259	25,251
Unemployment Benefits Fund	1,884	-	-	-	-	-	1,884
Nonmajor Enterprise Funds	15,914	-	410	-	2	28	16,354
Internal Service Funds	449	-	76	-	-	11,470	11,995
Total	$ 39,759	$ 50,943	$ 6,712	$ 855	$ 18	$ 72,012	$ 170,299

$49.4 million is due from the General Fund to the Workers Compensation Fund (an Internal Service Fund) to fund the cost of claims incurred and $16.3 million is due from the Iowa Lottery Authority (an Enterprise Fund) to the General Fund to transfer lottery profits as required by law. Remaining interfund balances result mainly from the time lag between the dates (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payment between funds are made.

Not included in the table above are the following interfund advances, which are not expected to be repaid within one year: $0.2 million due from the General Fund to the Innovation Fund (an Internal Service Fund) for amounts loaned for the purpose of stimulating and encouraging innovation in State government and $3.0 million due from the General Fund to the Unemployment Benefits Fund (an Enterprise Fund) for amounts loaned for various projects per the Reed Act distribution under Section 903 of the Social Security Act.

Also, not included in the table above and not expected to be repaid within one year, are interfund advances of $565.9 million due from the Tobacco Collections Fund (a Special Revenue Fund) to the Tobacco Settlement Authority (a blended component unit classified as a Special Revenue Fund) for repayment of bonds issued by the Authority, the proceeds of which were provided to the State and $28.0 million due from the Honey Creek Park (an Enterprise Fund) to the Honey Creek Authority (a blended component unit classified as a Special Revenue Fund) for repayment of funds provided for development of the destination park. The interfund advances will be reduced by pledged tobacco settlement moneys received and the principal amount paid each year, respectively.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009, was as follows (expressed in thousands):

	Beginning Balance	Beginning Balance Adjustment	Beginning Balance, Restated	Reclass-ifications	Increases	Decreases	Ending Balance
Governmental activities							
Capital assets not being depreciated:							
Land	$ 628,104	$ 717	$ 628,821	$ 5,132	$ 25,327	$ 3,652	$ 655,628
Construction in progress	53,960	(1,676)	52,284	(30,564)	80,118	-	101,838
Total capital assets not being depreciated	682,064	(959)	681,105	(25,432)	105,445	3,652	757,466
Capital assets being depreciated:							
Infrastructure	8,380,356	(27,268)	8,353,088	3,630	536,917	-	8,893,635
Works of art and historical treasures	1,415	-	1,415	-	-	-	1,415
Land improvements	20,357	17,410	37,767	893	1,386	-	40,046
Buildings and improvements	1,120,529	-	1,120,529	14,971	15,155	103	1,150,552
Machinery, equipment and vehicles	422,872	19	422,891	5,938	48,595	23,992	453,432
Total capital assets being depreciated	9,945,529	(9,839)	9,935,690	25,432	602,053	24,095	10,539,080
Less accumulated depreciation for:							
Infrastructure	3,633,659	(7,563)	3,626,096	-	348,762	-	3,974,858
Works of art and historical treasures	116	-	116	-	14	-	130
Land improvements	6,617	6,704	13,321	-	1,321	-	14,642
Buildings and improvements	480,203	-	480,203	-	25,666	103	505,766
Machinery, equipment and vehicles	248,398	3	248,401	-	38,797	21,441	265,757
Total accumulated depreciation	4,368,993	(856)	4,368,137	-	414,560	21,544	4,761,153
Total capital assets being depreciated (net)	5,576,536	(8,983)	5,567,553	25,432	187,493	2,551	5,777,927
Governmental activities capital assets (net)	$6,258,600	$ (9,942)	$6,248,658	$ -	$292,938	$ 6,203	$6,535,393
Business-type activities							
Capital assets not being depreciated:							
Land	$ 38,397	$ -	$ 38,397	$ 1	$ 3,608	$ 125	$ 41,881
Land improvements	5,623	-	5,623	110	-	-	5,733
Construction in progress	331,249	-	331,249	(340,880)	434,672	50	424,991
Works of art	32,101	-	32,101	-	554	4	32,651
Library collections	217,650	-	217,650	-	14,220	1,570	230,300
Total capital assets not being depreciated	625,020	-	625,020	(340,769)	453,054	1,749	735,556
Capital assets being depreciated:							
Infrastructure	633,774	-	633,774	68,155	13	231	701,711
Library collections	205,046	-	205,046	-	11,884	996	215,934
Land improvements	50,649	-	50,649	1,582	30	26	52,235
Buildings and improvements	3,212,759	-	3,212,759	236,163	9,206	9,696	3,448,432
Machinery, equipment and vehicles	905,750	-	905,750	34,869	89,624	32,542	997,701
Total capital assets being depreciated	5,007,978	-	5,007,978	340,769	110,757	43,491	5,416,013
Less accumulated depreciation for:							
Infrastructure	383,118	-	383,118	-	26,055	120	409,053
Library collections	160,765	-	160,765	-	9,720	996	169,489
Land improvements	27,499	-	27,499	-	2,506	-	30,005
Buildings and improvements	1,455,244	-	1,455,244	-	107,271	8,038	1,554,477
Machinery, equipment and vehicles	551,824	-	551,824	-	82,723	28,741	605,806
Total accumulated depreciation	2,578,450	-	2,578,450	-	228,275	37,895	2,768,830
Total capital assets being depreciated (net)	2,429,528	-	2,429,528	340,769	(117,518)	5,596	2,647,183
Business-type activities capital assets (net)	$3,054,548	$ -	$3,054,548	$ -	$335,536	$ 7,345	$3,382,739

Depreciation was charged to functions of the primary government as follows (expressed in thousands):

Governmental activities:	
Administration & regulation	$ 7,467
Education	4,162
Heath & human rights	3,161
Human services	4,910
Justice & public defense	22,077
Economic development	239
Transportation	350,024
Agriculture & natural resources	6,913
Subtotal	398,953
Depreciation on capital assets held by the State's internal service funds is allocated to the various functions based on their use of the assets	15,607
Total	$ 414,560
Business-type activities:	
Enterprise	$ 228,275

Discretely Presented Component Units

Capital assets not being depreciated:	
Land	$ 6,934
Construction in progress	11,307
Total capital assets not being depreciated	18,241
Capital assets being depreciated:	
Infrastructure	6,455
Buildings and improvements	91,265
Land improvements	45
Machinery, equipment and vehicles	16,949
Total capital assets being depreciated	114,714
Less accumulated depreciation	44,722
Total capital assets being depreciated (net)	69,992
Discretely presented component units capital assets (net)	$ 88,233

Impairment of Capital Assets

The calculation of a net impairment gain associated with 30 impaired buildings and infrastructure at the University of Iowa has been updated to reflect the current estimate of damages, restoration and recovery as required by GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* (expressed in thousands). See NOTE 24 – EXTRAORDINARY ITEM for additional information.

The University of Iowa had idle assets at June 30, 2009, with a carrying value of $29.1 million.

The gross impairment loss is calculated using the restoration cost approach by applying a ratio of the estimated restoration costs to replacement costs, multiplied by the carrying value of each impaired asset. As a result, assets fully depreciated prior to the flood would have an impairment loss of zero, regardless of damage. The expected cost to restore the impaired buildings (excluding building contents) is $161.4 million. Estimated replacement cost of all impaired buildings is $1.73 billion, resulting in a gross impairment loss of $21.6 million. The realizable insurance recovery associated with building impairment is estimated to be $61.72 million, resulting in a net impairment gain of $40.1 million. An incremental change in net impairment gain of $4.4 million is recorded in the financial statements for the year ended June 30, 2009.

The June 2008 flood is treated as an extraordinary event as it meets the criteria for being both unusual in nature and infrequent in occurrence. The GASB 42 net impairment gains are recorded as extraordinary items in the financial statements. The future costs which will be expended to restore impaired buildings will be recorded as separate transactions as restoration occurs.

NOTE 7 – INVESTMENT IN PRIZE ANNUITIES AND ANNUITY PRIZES PAYABLE

Assets totaling $12,290,249, which includes $59,600 of cash, are held by the Iowa Lottery Authority for the purpose of paying installment prizes which have already been won but will not be completely paid until 2018. Annuity Prizes Payable does not include an additional liability of $19,600 to taxing authorities. The following is a schedule of future payments (expressed in thousands):

Year Ending June 30,	Current	Noncurrent	Total Payments
2010	$ 2,935	$ -	$ 2,935
2011	-	2,167	2,167
2012	-	1,488	1,488
2013	-	1,488	1,488
2014	-	1,490	1,490
2015-2018	-	4,768	4,768
Total future value	2,935	11,401	14,336
Less: unamortized discount	98	1,967	2,065
Present value of payments	$ 2,837	$ 9,434	$ 12,271

NOTE 8 – CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2009, are summarized as follows (expressed in thousands):

	Beginning Balance	Additions	Deductions	Ending Balance	Amounts due within one year
Governmental activities					
Compensated absences	$ 310,573	$ 149,904	$ 141,920	$ 318,557	$ 134,467
Capital leases	5,311	313	1,205	4,419	1,158
Other financing arrangements	3,285	-	364	2,921	382
Revenue bonds	1,049,536	-	31,916	1,017,620	60,730
Early retirement/ termination benefits	11,127	7,802	6,060	12,869	4,563
Risk management	19,500	4,131	5,631	18,000	13,484
Pollution remediation	56,571	63	5,971	50,663	8,545
Other liabilities	40,957	6,667	9,571	38,053	182
Total *	1,496,860	168,880	202,638	1,463,102	223,511
Allocation of Internal Service Funds liability:					
Compensated absences	5,988	3,296	3,233	6,051	3,036
Capital leases	92	-	73	19	19
Early retirement/ termination benefits	288	220	139	369	156
Total	6,368	3,516	3,445	6,439	3,211
Total primary government - governmental activities	$ 1,503,228	$ 172,396	$ 206,083	$ 1,469,541	$ 226,722
Business-type activities					
Compensated absences	$ 160,605	$ 73,547	$ 63,371	$ 170,781	$ 67,272
Capital leases	149,062	36,311	37,482	147,891	18,603
Other financing arrangements	2,570	19,514	801	21,283	1,094
Revenue bonds	1,069,239	144,155	70,547	1,142,847	51,491
Total primary government - business-type activities	$ 1,381,476	$ 273,527	$ 172,201	$ 1,482,802	$ 138,460

* The General Fund has typically been used to liquidate most long-term liabilities, except for $764.0 million and $33.6 million of revenue bonds to be liquidated by the Tobacco Settlement Authority and the Honey Creek Authority, respectively, both Special Revenue Funds.

NOTE 9 – CAPITAL LEASES

The State has entered into agreements to lease various equipment and property. The agreements have interest rates ranging from 0.00% to 9.38% and expire before June 30, 2031.

The State has also entered into a few installment purchase agreements. Because the amounts involved are not material, and the accounting treatment is similar, such agreements are reported together with capital leases.

A. Primary Government

Governmental Activities

The following is a schedule by year of the future minimum payments required (expressed in thousands):

Year Ending June 30,	Principal	Interest
2010	$ 1,177	$ 205
2011	623	148
2012	644	117
2013	620	86
2014	432	59
2015-2019	860	86
2020-2024	82	5
Total	$ 4,438	$ 706

The historical cost of assets acquired under capital leases and included in capital assets on the government-wide statements at June 30 follows (expressed in thousands):

Buildings & improvements	$ 3,897
Equipment	6,860
Total	10,757
Accumulated depreciation	(2,225)
Net	$ 8,532

Business-type Activities

The following is a schedule by year of the future minimum payments required (expressed in thousands):

Year Ending June 30,	Principal	Interest
2010	$ 18,603	$ 6,845
2011	7,606	5,932
2012	7,818	5,609
2013	7,893	5,280
2014	7,758	4,952
2015-2019	43,932	19,083
2020-2024	27,936	10,491
2025-2029	21,415	4,487
2030-2031	4,930	328
Total	$ 147,891	$ 63,007

The historical cost of assets acquired under capital leases and included in capital assets on the financial statements at June 30 follows (expressed in thousands):

Land	$ 1,502
Construction in progress	117
Buildings	194,650
Equipment	5,180
Total	201,449
Accumulated depreciation	(34,719)
Net	$ 166,730

B. Component Units

The University of Iowa Foundation has entered into a lease agreement with the University for a leasehold interest in a building. The following is a schedule by year of the future minimum payments required (expressed in thousands):

Year Ending June 30,	Principal
2010	$ 600
2011	619
2012	614
2013	645
2014	670
2015-2019	3,760
Total	$ 6,908

NOTE 10 – OTHER FINANCING ARRANGEMENTS PAYABLE

A. Loans and Contracts Payable – Primary Government

Governmental Activities

The Iowa Department of Natural Resources has entered into agreements for facilities and land for a total of $3,918,000 with interest rates ranging from 3.92% to 4.30%. The following is a schedule by year of the future minimum payments required (expressed in thousands):

Year Ending June 30,	Principal	Interest
2010	$ 187	$ 91
2011	194	84
2012	204	78
2013	212	70
2014	219	63
2015-2019	1,183	195
2020-2024	327	29
Total	$ 2,526	$ 610

Business-type Activities

Iowa State University, the University of Northern Iowa and the University of Iowa have entered into agreements for buildings and equipment for a total of $38,612,542. The agreements are for periods of 7 to 23 years with interest rates ranging from 0.00% to 6.50%. The following is a schedule by year of future minimum payments required (expressed in thousands):

Year Ending June 30,	Principal	Interest
2010	$ 1,094	$ 853
2011	953	797
2012	15,896	610
2013	305	161
2014	213	148
2015-2019	988	590
2020-2024	1,287	286
2025-2029	547	13
Total	$ 21,283	$ 3,458

B. Certificates of Participation – Primary Government

Governmental Activities

The Third Judicial District has sold certificates of participation for land and facilities for $2,285,000. The certificates of participation represent an ownership interest of the certificate holder in a lease purchase agreement. The certificates mature over 20 years with an interest rate of 4.87%. The following is a schedule by year of the future minimum payments required (expressed in thousands):

Year Ending June 30,	Principal	Interest
2010	$ 195	$ 20
2011	200	10
Total	$ 395	$ 30

NOTE 11 – BONDS PAYABLE

Revenue bonds payable at June 30, 2009, are as follows (expressed in thousands):

	ISSUE DATES	ORIGINAL ISSUANCE	INTEREST RATES	MATURITY DATE RANGE	OUTSTANDING PRINCIPAL
PRIMARY GOVERNMENT					
Governmental activities					
Revenue bonds					
Term bonds					
Tobacco Settlement Authority	2006	$ 635,635	5.38-6.50	2007-2041	$ 591,085
Honey Creek Authority	2007	15,215	4.50	2029-2036	15,215
Total					606,300
Serial bonds					
Vision Iowa	2002	$ 196,375	2.25-5.50	2002-2020	138,495
School Infrastructure	2002	48,585	3.50-5.50	2002-2021	30,745
Honey Creek Authority	2007	18,155	3.95-5.00	2011-2028	18,155
Department of Corrections (1)	2002	54,240	4.00-5.38	2007-2016	42,680
Total					230,075
Capital appreciation bonds					
Tobacco Settlement Authority	2006	$ 729,800	5.60-7.13	2007-2046	729,800
Total revenue bonds					1,566,175
Unamortized premium					8,291
Unamortized discount					(556,846)
Total governmental activities					$ 1,017,620
Business-type activities					
Revenue bonds					
University of Iowa	1968-2009	$ 793,175	2.00-8.38	1973-2035	$ 639,901
Iowa State University	1988-2009	451,210	2.60-6.10	1994-2038	374,635
University of Northern Iowa	1994-2009	167,836	1.80-8.25	1995-2035	129,299
Iowa Lottery Authority	2004	8,800	3.28	2005-2019	1,400
Total revenue bonds					1,145,235
Unamortized discount					(2,388)
Total business-type activities					$ 1,142,847
COMPONENT UNITS					
Revenue bonds					
Iowa Finance Authority	1977-2009	$ 2,244,055	variable (2)	2001-2041	$ 1,614,279
Iowa State University Foundation	2002	3,850	5.30	2003-2012	2,962
Total revenue bonds					1,617,241
Unamortized premium					6,433
Total component units					$ 1,623,674

(1) The Iowa Finance Authority (Finance Authority) has characterized the bonds as conduit debt obligations and omitted them from the Finance Authority's financial statements. Although these bonds have characteristics of conduit debt, GASB has stated such debt is not conduit debt when the issuer (Finance Authority) and the beneficiary (the State of Iowa) are within the same financial reporting entity. Since the bonds are not conduit debt, the Finance Authority should have included the liability for the bonds and the due from the State of Iowa in its financial statements and the State of Iowa's financial statements should have reported a due to Finance Authority rather than a liability for bonds payable. Because there is no significant effect on the net assets of the Finance Authority or the State of Iowa as a result of the Finance Authority's omission, the CAFR has been prepared to reflect the reporting method used by the Finance Authority in its annual financial statements for the year ended June 30, 2009.

(2) Variable rates are as of June 30, 2009.

A. Primary Government – Governmental Activities

Vision Iowa

The State of Iowa has issued Vision Iowa Special Fund Bonds to provide grants or loans to communities to enhance local recreational, cultural and entertainment opportunities.

The State has pledged a portion of the future revenues to be deposited into the Vision Iowa Fund to repay $196.4 million in bonds issued in November 2001. These revenues include a standing appropriation of $15 million annually from gaming revenues, certain earnings on the Vision Iowa Fund and Bond Reserve Fund (including any amounts appropriated to replenish the Bond Reserve Fund to its required balance) and, to the extent of any shortfall in gaming revenues, Lottery revenues. The bonds are payable solely and only from certain revenues deposited into the Vision Iowa Fund and the Bond Reserve Fund and are payable through fiscal year 2021. Annual principal and interest payments on the bonds are expected to require less than 88% of total deposits into the Vision Iowa Fund. As of June 30, 2009, total principal and interest remaining to be paid on the debt is $191,278,485. Principal and interest paid for the current year and total deposits into the Vision Iowa Fund were $15,883,154 and $15,744,874, respectively.

The bonds are not debts of the State or any political subdivision of the State and do not constitute a pledge of the faith and credit of the State or a charge against the general credit or General Fund of the State.

School Infrastructure

The State of Iowa has issued School Infrastructure Special Fund Bonds to assist local school districts with the construction and renovation of facilities. The funds will provide grants limited to $1,000,000 and require a local match.

The State has pledged a portion of the future revenues to be deposited into the School Infrastructure Fund to repay $48.6 million in bonds issued in November 2001. These revenues include a standing appropriation of $5 million annually from gaming revenues, certain earnings on the School Infrastructure Fund and Bond Reserve Fund (including any amounts appropriated to replenish the Bond Reserve Fund to its required balance) and, to the extent of any shortfall in gaming revenues, Lottery revenues. The bonds are payable solely and only from certain revenues deposited into the School Infrastructure Fund and the Bond Reserve Fund and are payable through fiscal year 2021. Annual principal and interest payments on the bonds are expected to require less than 69% of total deposits into the School Infrastructure Fund. As of June 30, 2009, total principal and interest remaining to be paid on the debt is $41,595,738. Principal and interest paid for the current year and total deposits into the School Infrastructure Fund were $3,464,325 and $5,282,438, respectively.

The bonds are not debts of the State or any political subdivision of the State, and do not constitute a pledge of the faith and credit of the State or a charge against the general credit or General Fund of the State.

Tobacco Settlement Authority

The Tobacco Settlement Authority (Authority) has issued Tobacco Settlement Asset-Backed Bonds to advance refund outstanding tobacco settlement asset-backed bonds and to provide funding to the State for various capital projects.

Pursuant to a Sales Agreement between the State and Authority, the State has pledged, as security for bonds issued by the Authority, 78% of the amounts payable to the State under the Master Settlement Agreement (the "MSA") entered into by participating cigarette manufacturers (the "PMs"), 46 states (including the State) and six other U.S. jurisdictions in November 1998 in the settlement of certain smoking-related litigation, including the State's right to receive future initial, annual and strategic contribution payments (the "TSRs"), to be made by the PMs under the MSA.

The bonds, issued by the Authority in fiscal year 2006 in the par amount of $1.4 billion are payable through fiscal year 2046. The Authority has pledged, as the sole security for the bonds, 78% of the future TSRs payable under the terms of the Sales Agreement, investment earnings on certain accounts pledged under the bond indenture and amounts held in accounts established under the bond indenture (i.e. collection, debt service reserve, turbo redemption, etc.). As of June 30, 2009, total principal and interest remaining on the debt is $2,371,478,641 with annual requirements ranging from $88.5 million in 2010 to $734.9 million in the final year. TSRs received by the State have averaged $56,538,508 per year over the last 11 years. For the current year, principal and interest paid by the Authority and the total TSRs recognized by the State were $66,225,254 and $81,559,252, respectively.

The bonds are not a general obligation or general indebtedness of the Authority and do not constitute an obligation or indebtedness of the State or any political subdivision of the State. The State has no obligation or intention to satisfy any deficiency or default of any payment on bonds.

In prior years, the Authority defeased certain revenue bonds by placing the proceeds of new bonds along with other resources in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Tobacco Settlement Asset-Backed Bonds, Series 2001 A and 2001 B. Accordingly, trust account assets and the liability for the defeased bonds are not included in the State's financial statements. As of June 30, 2009, bonds totaling $595,835,000 are considered defeased.

Honey Creek Authority

The Honey Creek Authority (Authority) has issued Destination Park Revenue Bonds to provide financing for the development by the State of the Honey Creek Park (the "Park").

Pursuant to an Indenture of Trust among the Authority, the Iowa Department of Natural Resources, the Treasurer of the State of Iowa and Bankers Trust Company, N.A. (the "Trustee"), the State has pledged, as security for the bonds issued by the Authority, amounts sufficient to cover the principal and interest requirements on the Authority's debt consisting of net revenues from Honey Creek Park, if any, and the Debt Service Reserve Account (including any amounts appropriated by the State for the replenishment of the Debt Service Reserve Account to its required balance). The bonds, issued by the Authority in fiscal year 2007 for $33.4 million, are payable through fiscal year 2036. The Authority has pledged, as the sole security for the bonds, net revenues to be received under the Indenture, if any, and amounts in the Honey Creek Fund and the Debt Service Reserve Account and all other moneys and securities pledged or assigned to the Trustee under the Indenture. During the year ended June 30, 2009, Honey Creek Park provided $705,946 to the Authority for payment of bond interest. As of June 30, 2009, total principal and interest remaining on the debt is $60,035,750 with annual requirements ranging from $1.5 million in 2010 to $2.3 million in the final year. Interest paid by the Authority in the current year totaled $1,507,485. The first principal payment on the bonds is due June 1, 2011.

The bonds are not an indebtedness of the State or a charge against the general credit or General Fund of the State and the State is not liable for the bonds except for amounts on deposit in the funds pledged to payment of the bonds. The bonds are not an obligation of the State or any political subdivision of the State.

Iowa Department of Corrections

The Iowa Finance Authority (Finance Authority) has issued serial bonds for financing the construction or renovation of correctional facilities in the State. The Iowa Department of Corrections administers the State's correctional facilities and authorizes expenditures under the program.

Pursuant to an Indenture of Trust among the Finance Authority, the Iowa Department of Corrections and U.S. Bank National Association (the "Trustee"), the State has pledged, as security for the bonds issued by the Finance Authority, amounts sufficient to cover the principal and interest requirements on the Finance Authority's debt consisting of all funds deposited into the Iowa Prison Infrastructure Fund (not reverting to the State General Fund at year end), investment earnings on moneys in the Iowa Prison Infrastructure Fund and certain other moneys held by the Trustee under the Indenture. Current State law requires the first $9,500,000 of moneys remitted to the Treasurer of State each fiscal year from certain fees and fines collected from the clerks of district court in criminal cases be deposited in the Iowa Prison Infrastructure Fund. The bonds, issued by the Finance Authority in fiscal year 2002 for $54.2 million, are payable through fiscal year 2016. The Finance Authority has pledged, as sole security for the bonds, all funds deposited in the Iowa Prison Infrastructure Fund (not reverting to the State General Fund at year end), investment earnings on moneys in the Iowa Prison Infrastructure Fund and certain other moneys held by the Trustee under the Indenture. Annual principal and interest payments on the bonds are expected to require less than 87% of total deposits into the Iowa Prison Infrastructure Fund. As of June 30, 2009, total principal and interest remaining to be paid on the debt is $50,640,410. Principal and interest paid for the current year and total deposits into the Iowa Prison Infrastructure Fund were $8,402,356 and $9,672,719, respectively.

The bonds are limited special obligations of the Finance Authority and do not constitute a general obligation of the Finance Authority, the State of Iowa or any political subdivision thereof.

Underground Storage Tank

The Iowa Finance Authority (Finance Authority) has issued serial bonds to finance the Underground Storage Tank Financial Responsibility Program. The program provides payment for remediation claims of contamination of ground water sites due to leakage, spill or release of petroleum products by owner/operators.

In the prior year, the Finance Authority defeased certain revenue bonds by placing proceeds from existing resources in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Iowa Underground Storage Tank Fund Revenue Refunding Bonds, 2004 Series A. Accordingly, trust account assets and the liability for the defeased bonds are not included in the State's financial statements. As of June 30, 2009, bonds totaling $12,465,000 are considered defeased.

Future bond debt service requirements of the Primary Government – Governmental Activities are as follows (expressed in thousands):

Year Ending June 30,	Principal	Interest
2010	$ 60,730	$ 57,044
2011	45,800	53,333
2012	49,505	50,622
2013	53,370	47,683
2014	57,510	44,442
2015-2019	93,805	192,966
2020-2024	41,965	171,974
2025-2029	7,370	167,943
2030-2034	187,280	165,214
2035-2039	107,800	108,210
2040-2044	135,120	70,650
2045-2046	725,920	18,773
Total	$ 1,566,175	$ 1,148,854

B. Primary Government – Business-type Activities

Universities

The University of Iowa, Iowa State University and the University of Northern Iowa have issued revenue bonds for the construction of buildings, facilities, utilities and equipment. The bonds are payable principally from tuition and user fee revenues. The Universities are audited separately and issue publicly available financial reports which include financial statements and required supplementary information. Those reports may be obtained by writing to: University of Iowa, Controller's Office, Jessup Hall, Iowa City, Iowa 52242; Iowa State University, Controller's Department, 3607 Administrative Services Building, Ames, Iowa 50011-3607; University of Northern Iowa, Financial Accounting and Reporting Services, 122 Lang Hall, Cedar Falls, Iowa 50614-0009.

During the current fiscal year, the University of Iowa issued $33,750,000 of Hospital Revenue Bonds, with an interest rate range of 5.50-6.13% to provide funds to defray the costs of constructing additions to the general hospital on the University of Iowa campus.

During the current fiscal year, the University of Iowa issued $26,000,000 of Recreational Facilities Revenue Bonds, with an interest rate range of 3.00-4.75% to provide funds for the purpose of financing a portion of the cost of building, furnishing and equipping a Campus Recreation and Wellness Center, improvements to the University's Field House, funding a deposit to a Reserve Fund, funding a deposit to the Capitalized Interest Fund and paying for the cost of issuance.

During the current fiscal year, the University of Iowa issued $8,210,000 of Telecommunications Facilities Revenue Refunding Bonds, Series S.U.I. 2008, with an interest rate range of 2.00-3.38% to advance refund the Telecommunications Facilities Revenue Bonds, Series S.U.I. 2000. Net bond proceeds of $8,126,000 were placed in an irrevocable trust account with the University trustee. As a result, the Series 2000 Telecommunications Facilities Revenue Bonds are considered defeased and the trust account assets and the liability for those bonds have been removed from the State's financial statements. The advanced refunding resulted in a $584,000 decrease in aggregate debt service payments over the next seven years and an economic gain (the difference between present value of the old and new debt service payments) of $544,000.

In prior years, the University of Iowa defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the State's financial statements. As of June 30, 2009, bonds totaling $8,042,000 for the University of Iowa were considered defeased.

During the current fiscal year, Iowa State University issued $25,000,000 of Academic Building Revenue Bonds, Series I.S.U. 2008A, with an interest rate range of 4.88-5.25% to provide funds to defray the costs of academic buildings, facilities and equipment.

During the current fiscal year, Iowa State University issued $27,000,000 of Recreational System Facilities Revenue Bonds, with an interest rate range of 3.50-4.75% to provide funds to construct, furnish and equip a new recreational building space and complete other improvements to recreational facilities.

During the current fiscal year, Iowa State University issued $10,925,000 of Dormitory System Revenue Refunding Bonds, with an interest rate range of 3.00-4.38% to advance refund $10,815,000 of outstanding Dormitory Revenue Bonds, Series 1998A. Net proceeds of $10,815,000 consisting of bond proceeds of $9,813,683 combined with other resources of $1,001,317 were placed in an irrevocable trust account with a trustee. As a result, the 1998A Dormitory Revenue Bonds are considered defeased and the trust account assets and liability for those bonds have been removed from the State's financial statements. The advanced refunding resulted in a $936,027 decrease in aggregate debt service payments over the next 17 years and an economic gain (the difference between present value of the old and new debt service payments) of $717,537.

Also, during the current fiscal year, Iowa State University used $2,281,706 from the Recreation Facility Bond Reserve Fund, System Fund and student fees to defease $2,200,000 of Series 2004 Recreational Facility Revenue Refunding Bonds.

In prior years, Iowa State University defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the State's financial statements. As of June 30, 2009, bonds totaling $23,410,000 for Iowa State University were considered defeased.

During the current fiscal year, the University of Northern Iowa issued $13,860,000 of Academic Building Revenue Bonds, Series 2009, with an interest rate range of 3.00-5.00% to provide funds to defray the costs of academic buildings, facilities and equipment.

Iowa Lottery Authority

The Iowa Lottery Authority has issued Iowa Lottery Authority Bonds to finance the purchase and installation of instant ticket and pull-tab vending machines and the purchase and renovation of a building to be used as the lottery headquarters.

Future bond debt service requirements for bonds of the Primary Government – Business-type Activities are as follows (expressed in thousands):

Year Ending June 30,	Principal	Interest
2010	$ 51,491	$ 51,894
2011	53,832	49,659
2012	58,347	45,046
2013	58,208	42,973
2014	60,344	40,252
2015-2019	265,398	167,790
2020-2024	272,840	106,236
2025-2029	228,810	47,676
2030-2034	78,695	11,378
2035-2039	17,270	1,103
Total	$ 1,145,235	$ 564,007

C. Component Units

Iowa Finance Authority

The Iowa Finance Authority (Finance Authority) is authorized and has issued bonds to provide affordable mortgage financing and to meet the 20% State match required for federal capitalization grants which are used to provide loans for construction of wastewater and drinking water facilities. The bonds are payable principally from repayments of such loans. The obligations do not constitute a debt of the State of Iowa and the State is not liable for any repayments.

The bonds are secured, as described in the applicable bond resolution, by the revenues, moneys, investments, loans and other assets in the funds and accounts established by the respective bond resolutions.

The Single Family Mortgage Bond Resolutions, the Single Family Housing Bond Resolutions and the Multi-Family Bond Indenture contain covenants which require the Finance Authority to make payments of principal and interest from amounts available in the Finance Authority's General Fund should deficiencies occur in the funds established for such payments by the respective bond resolutions. The Draw Down Bond Indenture under the Single Family Bond Program and the bond resolutions for the Clean Water Program Funds and Drinking Water Program Funds do not contain these covenants.

During the current fiscal year, the Finance Authority issued Single Family 2009 Bonds and FHLB Credit Facility Bonds in the par amount of $124,727,000 with variable interest rates up to 2.34% and Single Family Series D, E, F and G in the par amount of $75,000,000 with variable interest rates up to 5.40%. The Finance Authority issued Multi-Family Bonds in the par amount of $1,190,000 with variable interest rates up to 0.56%. The Finance Authority also issued Clean Water Revenue Bonds, Series 2008 and Drinking Water Revenue Bonds, Series 2008, in par amounts of $103,365,000 and $45,070,000 respectively, with interest rates of 3.50% to 6.00%.

In prior years, the Finance Authority defeased certain bonds by depositing funds or securities into an irrevocable trust with an escrow agent to provide for future interest and principal payments. Accordingly, the trust account assets and liabilities for these defeased bonds are not included in the Finance Authority's financial statements. As of June 30, 2009, bonds totaling $24,155,000 are considered defeased.

Iowa Higher Education Loan Authority

The Iowa Higher Education Loan Authority is authorized and has issued bonds to provide educational loans to students and facility loans to private educational institutions in the State of Iowa. The bonds are payable primarily from interest and principal payments of the educational and facility loans. All remaining bonds were repaid during the year ended June 30, 2009.

Universities Foundations

Iowa State University Foundation in prior years issued $3,850,000 of bonds to purchase and remodel the Foundation Advancement Center building. The bonds are collateralized with a mortgage on the building and other real estate owned by the Foundation. The bonds have varying maturities through 2012 and have an interest rate of 5.30%. The Foundation has no taxing authority and bonds issued do not constitute a debt, liability or obligation of the State of Iowa or any political subdivision thereof.

Future bond debt service requirements for the bonds of the Component Units are as follows (expressed in thousands):

Year Ending June 30,	Principal	Interest
2010	$ 140,767	$ 58,174
2011	47,756	55,290
2012	51,698	53,144
2013	50,202	50,893
2014	51,885	48,581
2015-2019	236,240	212,059
2020-2024	270,988	159,602
2025-2029	270,455	103,254
2030-2034	284,770	54,876
2035-2039	211,925	11,384
2040-2044	555	39
Total	$ 1,617,241	$ 807,296

NOTE 12 – ACCOUNTS PAYABLE AND ACCRUALS

Accounts payable and accruals at June 30, 2009, consisted of the following (expressed in thousands):

	Current	Noncurrent
PRIMARY GOVERNMENT		
Governmental activities		
Salaries & fringes	$ 22,530	$ -
Early retirement / termination benefits	4,719	8,519
Other postemployment benefits	-	28,044
Pension	-	36,393
Risk management	13,484	4,516
Pollution remediation	8,545	42,118
State aid	381,333	-
Trade & other payables	666,968	30,892
Total governmental activities	$ 1,097,579	$ 150,482
Business-type activities		
Salaries & fringes	$ 131,502	$ -
Early retirement / termination benefits	2,131	12,235
Other postemployment benefits	-	30,093
General claims	31,940	-
Unemployment benefits	38,960	-
Trade & other payables	168,140	5,007
Total business-type activities	$ 372,673	$ 47,335
COMPONENT UNITS		
Annuity & life income obligations	$ -	$ 47,150
Pledges due to University	879	1,453
Other	29,940	8,027
Total component units	$ 30,819	$ 56,630

Pollution Remediation Obligations

An estimate for pollution remediation obligations is recorded when the State knows or reasonably believes a site is polluted and when any one of the following events occurs: (1) the State is compelled to take remediation action because pollution creates an imminent endangerment to public health/welfare or the environment, (2) the State is in violation of a pollution prevention-related permit or license, (3) the State is named, or will likely be named, by a regulator as a responsible party or potentially responsible party for remediation, (4) the State is named, or will likely be named, in a lawsuit to compel it to participate in remediation or (5) the State commences or legally obligates itself to commence cleanup activities or monitoring/maintenance of remediation efforts.

For the year ended June 30, 2009, pollution remediation obligations totaling $50,663,611 were recorded for the removal of leaking underground storage tanks.

Leaking underground storage tanks meeting certain eligibility requirements are covered by the Iowa Petroleum Underground Storage Tank program. Statutory authority for this program is found in Chapter 455G of the Code of Iowa. The program was established to expend funds for remedial action and underground storage tank improvements. Estimated remediation outlays for leaking underground storage tanks are developed by groundwater professionals. The estimations are based on a range of expected outlays, net of expected cost recoveries, if any, for the type and amount of pollution contamination detected. All estimates for pollution remediation obligations are reviewed and adjusted periodically for price changes, additional contamination and any other changes detected.

The pollution remediation obligation does not include outlays for certain site cleanup activities or operation/maintenance costs because those outlays were not reasonably estimable.

NOTE 13 – NET ASSETS/FUND BALANCE – RESERVED FOR SPECIFIC PURPOSES

A. Net Assets Restricted By Enabling Legislation

The government-wide Statement of Net Assets reports $981,847,861 of Restricted Net Assets of which $17,311,593 is restricted by enabling legislation.

B. Fund Balance – Reserved For Specific Purposes

The Reserved for Specific Purposes Fund Balance in the Governmental Funds represents the portion of fund balance legally segregated for a specific future use. A summary of these reserves at June 30, 2009, follows (expressed in thousands):

General Fund		
Primary Road	$	239,269
Road Use Tax		110,191
Iowa Infrastructure		62,433
Revitalize Iowa's Sound Economy		48,026
Vision Iowa		47,281
Farm To Market Road		36,176
Motor Vehicle Fuel Tax Unapportioned		33,256
Senior Living Trust		28,421
Vertical Infrastructure		28,204
Health Insurance Premium Operating		26,888
Safety Improvement Program		20,229
School Infrastructure and Reserve		18,096
Terminal Liability Health Insurance		17,830
UST Innocent Landowners		16,509
Health Insurance Premium Reserve		11,591
Resource Enhancement & Protection		11,041
Fish and Game Fund		8,223
Value Added Agricultural Products		7,704
Dental Insurance Premium Operating		6,333
County Bridge Construction		6,282
HAWK-I Trust		5,370
Other		43,492
Total General Fund		832,845
Tobacco Settlement Authority		137,127
Nonmajor Governmental Funds		
Federal Student Loan Reserve		25,370
Iowa Veterans Trust		8,183
Permanent School Principal		7,974
Iowa Cultural Trust		4,276
Other		39,969
Total Nonmajor Governmental Funds		85,772
Total	$	1,055,744

NOTE 14 – OPERATING LEASES

The State has leased office space and equipment. These leases have been classified as operating leases and expire before June 30, 2041. In most cases, management expects the leases will be renewed or replaced by other leases.

A. Primary Government

Governmental Activities

The future minimum lease payments for these leases are as follows (expressed in thousands):

Year Ending June 30,	
2010	$ 14,359
2011	12,291
2012	8,554
2013	6,303
2014	4,738
2015-2019	4,655
2020-2024	509
2025-2029	416
2030-2034	247
2035-2039	271
2040-2044	127
Total	$ 52,470

All leases contain nonappropriation clauses indicating continuation of the lease is subject to funding by the legislature. Minimum payments have not been reduced by minimum sublease rentals of $703,655.

Rental expense for the year ended June 30, 2009 for all operating leases, except those with terms of a month or less that were not renewed, totaled $17,771,343. Rental expense has not been adjusted for sublease rentals totaling $1,539,315 for the year ended June 30, 2009.

Business-type Activities

The future minimum lease payments for these leases are as follows (expressed in thousands):

Year Ending June 30,	
2010	$ 7,109
2011	6,484
2012	2,539
2013	1,253
2014	733
2015-2019	40
Total	$ 18,158

Minimum payments have not been reduced by minimum sublease rentals of $211,408.

Rental expense for the year ended June 30, 2009 for all operating leases, except those with terms of a month or less that were not renewed, totaled $7,221,697. Rental expense has not been adjusted for sublease rentals totaling $36,501 for the year ended June 30, 2009.

B. Component Units

The future minimum lease payments for these leases are as follows (expressed in thousands):

Year Ending June 30,		
2010	$	21
2011		10
Total	$	31

Rental expense for the year ended June 30, 2009 for all operating leases, except those with terms of a month or less that were not renewed, totaled $21,289.

NOTE 15 – LESSOR OPERATING LEASES

The Iowa Department of Natural Resources leases tracts of land for agricultural purposes valued at $10,457,602. Glenwood Resource Center leases building space valued at $4,063,708. Iowa Public Television leases antenna and building space, no value has been assigned to the leased portions. The Iowa Department of Transportation leases land valued at $1,735,694. Iowa State University leases building space valued at $938,496 (net of accumulated depreciation of $97,123), tower space valued at $473,433 (net of accumulated depreciation of $24,455), equipment with an original value of $1,464,354 and tracts of land for agricultural purposes, valued at $82,552. The University of Northern Iowa leases buildings valued at $1,126,481 (net of accumulated depreciation of $173,595), tower space, and tracts of land for agricultural purposes valued at $523,155. The following is a schedule by year of minimum future rentals on operating leases as of June 30, 2009 (expressed in thousands):

Year Ending June 30,		
2010	$	3,107
2011		2,448
2012		1,582
2013		960
2014		719
2015-2019		1,585
2020-2024		234
2025-2029		145
2030-2034		54
Total	$	10,834

NOTE 16 – PENSION PLANS

A. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements for the Iowa Public Employees' Retirement System (IPERS), Peace Officers' Retirement, Accident and Disability System (PORS) and the Iowa Judicial Retirement System (JRS) are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits, refunds and annuities are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments

IPERS – All investments are reported at fair value. The determination of fair value is generally based on published market prices and quotations from major investment brokers. Investments not having quoted market prices have been valued based on yields and maturities currently available on comparable securities of similar issue. Fair values for real estate investments are based on periodic assessments or appraisals of the underlying investments. Futures contracts are valued daily with the resulting adjustment recorded as realized gains/losses arising from the daily settlement of the variation margin. Private equities are valued based on March 31 net asset values plus or minus purchases, sales and cash flows from April 1 through June 30 of the reporting year.

The System has no investment in any specific stock or bond issues of any commercial or industrial organization, other than the U.S. government and its instrumentalities, whose fair value exceeds 5% of the plan net assets available for benefits.

PORS and JRS – Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair value. For JRS, the fair value of real estate investments is based on independent appraisals.

PORS and JRS' investments in governmental bonds and treasury notes constitute approximately 8.62% and 3.74%, respectively, of net assets held in trust for pension benefits. PORS and JRS are not permitted to invest more than 4.90% and 5.00%, respectively, of its System account in any one corporate issuer without written direction and approval of the Treasurer of State of Iowa.

B. Plan Descriptions, Contribution Information and Funding Policy

Membership of each plan consisted of the following at June 30, 2009:

	IPERS	PORS	JRS
Retirees and beneficiaries receiving benefits	89,852	538	165
Terminated members with deferred benefits	-	31	7
Active vested	128,004	630	160
Active nonvested	39,713	32	40
Inactive vested	32,297	-	-
Inactive nonvested	34,545	-	-
	324,411	1,231	372
Number of participating employers	2,241	1	1

Iowa Public Employees' Retirement System

Plan Description. IPERS, a public employee retirement system, was created in 1953 by the Iowa Legislature. IPERS benefits are established under Chapter 97B of the Iowa Code.

IPERS is a cost-sharing defined benefit multiple-employer public employee retirement system. Participation in IPERS is mandatory for most state, county and local public employees, employees of school districts and certain elected officials. Membership is optional for some individuals, including the members of the Iowa Legislature. Excluded from membership are members of other retirement systems supported by Iowa public funds.

	June 30, 2009
Employer members:	
City	1,163
County	415
School	393
State	25
Other	245
Total	2,241

A member may retire at age 65 (or anytime after reaching age 62 with 20 or more years of covered employment) and receive monthly benefits without an early retirement adjustment. A member is also entitled to benefits without an early retirement adjustment if the member's age plus years of service equals or exceeds 88. A member may take early retirement with reduced benefits. At retirement, a member chooses one of six benefit options.

A member who leaves covered employment after completing at least four years of covered service or has attained the age of 55 while making contributions to the plan has vested right to IPERS benefits.

IPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA 50306-9117, at info@ipers.org, or by calling 515-281-0020.

Contributions and Funding Policy. Member and employer contribution rates are established by statute for the regular membership. The contributions are remitted by participating employers. Certain members and employers engaged in law enforcement, fire safety and protection occupations contribute at actuarially determined rates as shown in the following table. Wages are covered up to the federal limit of $245,000 for calendar year 2009.

	Contribution Rates as of June 30, 2009		
	Employee	Employer	Total
Regular	4.10%	6.35%	10.45%
Special services group # 1 *	7.52%	7.52%	15.04%
Special services group # 2 **	5.63%	8.45%	14.08%

* - Includes sheriffs and deputies.

** - Includes all other protection occupation members.

A valuation of the liabilities and reserves of the IPERS Trust Fund is performed annually by IPERS' actuary in accordance with Iowa Code Section 97B.4(4)(d) in order to determine the amount of contributions required. The Iowa statutes provide that most IPERS members shall contribute 4.10% of pay and employers shall contribute 6.35% for a total rate of 10.45% for fiscal year 2009. The annual actuarial valuation is performed to determine whether the statutory rate will be sufficient to fund the future benefits expected to be paid by the System within the guidelines established in IPERS' funding policy (maximum amortization period of 30 years). The statutory rate is first applied to fund the normal cost. The remaining contribution rate is used to amortize the unfunded actuarial liability as a level percentage of payroll which in turn determines the amortization period. As a result, the remaining amortization period varies with each actuarial valuation. Based on the current year's actuarial valuation, the amortization period is infinite.

In 2006, to address IPERS' long-term funding needs, the Iowa Legislature passed and the Governor signed a bill increasing the contribution rate for regular members, the first rate increase since 1979. Regular members make up about 95% of IPERS' active membership. The increase of two percentage points is phased in over four years beginning July 1, 2007. The increase does not affect members in protection occupation positions who contribute at an actuarially required rate that may change every year.

The amount of the actuarially determined employer contribution requirement was $473,054,363. The total amount of employer contributions made during the fiscal year ended June 30, 2009, was $415,324,133 resulting in an 87.8% funding ratio. The difference between the actuarially required employer contributions and actual employer contributions made is due entirely to statutory contribution requirements that differ from the actuarially required contribution rate.

The following table provides a schedule of the actuarially required employer contributions and the percentage actually contributed to IPERS for the last three fiscal years:

Year Ended June 30,	Actuarially Required Contributions	Percentage Contributed
2007	$ 411,879,590	83.3%
2008	432,828,217	87.2%
2009	473,054,363	87.8%

Peace Officers' Retirement, Accident and Disability System

Plan Description. PORS was created under Chapter 97A of the Code of Iowa to provide retirement and other benefits for the peace officers of the Iowa Department of Public Safety. The Peace Officers' Retirement, Accident and Disability System is the administrator of the single-employer defined benefit public employee retirement system.

A member may retire with a service allowance after completing 22 years of creditable service and attaining the minimum service retirement age of 55. Plan benefits include: service retirement benefits, ordinary disability retirement benefits, accidental disability benefits, ordinary death benefits, accidental death benefits and line of duty death benefits.

A member leaving covered employment before attaining retirement age but after completing at least four years of covered service is entitled to receive a service retirement allowance upon attaining the minimum service retirement age provided his or her accumulated contributions have not been withdrawn.

PORS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Iowa Department of Public Safety Peace Officers' Retirement System, Public Safety Building, Des Moines, IA 50319.

Contributions and Funding Policy. The contributions to the System are made pursuant to Chapter 97A of the Code of Iowa and are not based upon actuarial determinations.

Member contribution rates are established by statute at 9.35% of covered payroll. However, the System shall increase the member's contribution rate as necessary to cover any increase in cost to the System resulting from statutory changes which are enacted by any session of the General Assembly meeting after January 1, 1995, if the increase cannot be absorbed within the contribution rates established, but subject to a maximum employee contribution rate of 11.30%. After the employee contribution reaches 11.30%, 60% of the additional cost of such statutory changes shall be paid by the employer and 40% of the additional cost shall be paid by employees. This is deducted from the member's salary and remitted by the employer.

The employer is obligated by statute to contribute 19% of covered payroll. Contribution provisions are established by State law and may be amended only by the State legislature. The State has historically followed a contribution policy of appropriating funds based upon a percentage of the current salaries for which funds are appropriated.

The member contribution required and contributed was $3,882,107 representing 9.35% of the current year covered payroll. The State contribution required by statute was $7,898,356 and the amount actually contributed was $7,898,356. Costs of administering the plan are financed through employer contributions and investment income.

Judicial Retirement System

Plan Description. The Judicial Retirement System (JRS) is the administrator of a single-employer defined benefit public employee retirement system.

The JRS was established to provide pension benefits to judges serving on the Supreme Court, District Courts and the Court of Appeals.

Pursuant to Chapter 602 of the Code of Iowa, a member who has a total of at least four years of service as a judge of one or more of the above courts and is at least 65 years of age or who has served 20 years of consecutive service as a judge of one or more of the above courts and has attained the age of 50 years shall qualify for an annuity. The annual annuity of a judge under this System is an amount equal to 3.25% of the judge's average annual basic salary for the judge's highest three years as a judge multiplied by the judge's years of service or, for a member who meets the definition of a senior judge under Chapter 602.9202 of the Code of Iowa, 3.25% of the basic senior judge salary multiplied by the judge's years of service, limited to a specified percentage of the highest basic annual salary or basic senior judge salary, as applicable, which the judge is receiving or had received as of the time the judge or senior judge became separated from service. The specified percentage is as follows: (1) 50% for judges who retired prior to July 1, 1998; (2) 52% for judges who retired and received an annuity on or after July 1, 1998 but before July 1, 2000; (3) 56% for judges who retired and received an annuity on or after July 1, 2000 but before July 1, 2001; (4) 60% for judges who retire and receive an annuity on or after July 1, 2001 but before July 1, 2006; and (5) 65% for judges who retire and received an annuity on or after July 1, 2006. Any member who has served as a judge for a total of four years or more and deemed permanently incapacitated, mentally or physically, to perform his/her duties shall be entitled to an annuity that would be the same as computed under a retirement annuity.

Beginning July 1, 2008, judges contribute to the system at the rate of 7.7% multiplied by the basic salary of the judge. Also beginning July 1, 2008, and for each subsequent fiscal year until the system attains fully funded status, the State contributes an amount equal to 30.6% of the basic salary of all covered judges. Commencing with the first fiscal year in which the system attains fully funded status, and for each subsequent fiscal year, the State contribution shall be equal to 60% of the required contribution rate.

The JRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Judicial Retirement System, Iowa Judicial Branch, 1111 East Court Avenue, Des Moines, IA 50319.

Contributions and Funding Policy. The contributions to the System are made pursuant to Section 602.9104 of the Code of Iowa and are not based upon actuarial determinations.

The member contribution required and contributed was $2,078,085 representing 7.7% of the current year covered payroll. The State contribution required by statute and the amount contributed was $7,720,271. The State share is to be based on 30.6% of the statutory salaries at the time of the appropriation request. Costs of administering the plan are financed through State appropriation, member contributions and investment income.

C. Annual Pension Cost and Net Pension Obligation

The State's annual pension cost and net pension obligation to PORS and JRS for the current year were as follows:

	PORS	JRS
Annual required contribution	$ 13,118,615	$ 9,024,252
Interest on net pension obligation	1,119,738	1,263,884
Adjustment to annual required contribution	(794,969)	(1,652,242)
Annual pension cost	13,443,384	8,635,894
Contributions made	7,898,356	7,720,271
Increase in net pension obligation	5,545,028	915,623
Net pension obligation beginning of year	13,996,726	15,936,162
Net pension obligation end of year	$ 19,541,754	$ 16,851,785

Three-year trend information:

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Peace Officers Retirement, Accident and Disability System			
2007	$ 12,382,742	50.58%	$ 7,128,715
2008	13,564,549	49.37%	13,996,726
2009	13,443,384	58.75%	19,541,754
Iowa Judicial Retirement System			
2007	$ 7,367,201	27.69%	$ 14,195,111
2008	7,192,014	75.80%	15,936,162
2009	8,635,894	89.40%	16,851,785

D. Funded Status and Funding Progress

The funded status of each plan as of June 30, 2009, is as follows:

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)*	Unfunded AAL (UAAL) (a) - (b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Iowa Public Employees' Retirement System	$ 21,123,979,941	$ 26,018,593,823	$ 4,894,613,882	81.19%	$ 6,438,643,124	76.02%
Peace Officers' Retirement, Accident and Disability System	300,262,337	432,894,495	132,632,158	69.36%	41,862,395	316.83%
Iowa Judicial Retirement System	93,045,276	151,029,371	57,984,095	61.61%	26,810,700	216.27%

* For purposes of this schedule, the AAL for each plan is determined using the entry age actuarial cost method.

The PORS uses the aggregate actuarial cost method to calculate their annual required contribution (ARC). However, the current year funded status information was calculated using the entry age actuarial cost method because the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities. The entry age actuarial cost information for PORS is intended to serve as a surrogate for the funded status and funding progress of the plan.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

E. Actuarial Methods and Assumptions

Additional information as of the latest actuarial valuation follows:

	IPERS	PORS	JRS
Actuarial valuation date	June 30, 2009	July 1, 2009	July 1, 2009
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Method used to determine actuarial value of assets	Smoothing method - expected value at the valuation date plus 25% of the difference between the market value and expected value. The actuarial value must fall within a corridor of 80% - 120% of market value.	Smoothing method - spreads the difference between the actual return and expected return over four years.	Smoothing method - expected value plus 25% of the difference between the actual and expected value.
Amortization method	Open period, level percent of pay	Closed period, level percent of pay	Level dollar, closed basis
Amortization period	30 years* (open method)	30 years (closed)	25 years (closed)
Rate of investment return	7.50%	8.00%	7.50%
Projected salary increases	4.00% - 12.00% depending upon years of service	6.75% for the first five years, 6.50% for year six, 6.00% for year seven, 5.25% for years eight through 24 and 4.75% thereafter	4.50%
Inflation rate	3.25% for prices, 4.00% for wages	4.00% payroll growth	3.25%

* GASB Statement No. 25 states that, beginning in fiscal year 2006, the maximum acceptable amortization period for the total unfunded actuarial liability is 30 years. IPERS' funding policy also provides for a maximum amortization period of 30 years.

F. Teachers Insurance and Annuity Association Retirement Program

The Universities, Board of Regents, the Iowa Braille and Sight Saving School and the Iowa School for the Deaf contribute to the Teachers Insurance and Annuity Association (TIAA) retirement program. These institutions, by contributing to TIAA, participate in a defined contribution retirement plan.

A defined contribution retirement plan provides retirement benefits in return for services rendered, provides individual annuities for each plan participant and specifies how contributions to an individual's annuity are to be determined instead of specifying the amount of benefits the participant is to receive. Under a defined contribution retirement plan, the benefits a participant will receive depend solely on the amount contributed to the participant's annuity and the returns earned on investments of those contributions. As required by the Iowa State Board of Regent's policy, all eligible employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract agreement with TIAA, each employee through the fifth year of employment contributes 3.33% of the first $4,800 of earnings and 5.00% on the balance of earnings. The employer through the fifth year of employment contributes 6.67% of the first $4,800 of earnings and 10.00% on earnings above $4,800. Upon completion of five years of service, the participant contributes 5.00% and the employer 10.00% on all earnings. During fiscal year 2009, the employers' contributions amounted to $139,206,119. Employees' contributions amounted to $69,706,202.

No retirement plan provisions changed during the year that affected the Institutions' or employees' required contributions.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS

A. State Plan

Plan Description

The State of Iowa provides access to postretirement medical benefits to all retirees as required by Chapter 509A.13 of the Code of Iowa. Although the retirees generally must pay 100% of the premium rate, GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45), requires that employers recognize the Implicit Rate Subsidy that exists in postretirement medical plans provided by governmental employers.

The Implicit Rate Subsidy refers to the concept that retirees under the age of 65 (i.e. not eligible for Medicare) generate higher claims on average than active participants. When a medical plan is self insured or fully insured through a third-party administrator, a premium is usually determined by analyzing the claims of the entire population in that plan and adjusting for administrative costs. The resulting premium is called a blended premium because it blends the claims of active and retired participants. Since individuals generally have more and higher claims as they get older, the blended premium paid for retirees is lower than their expected claims. Another way of considering this is that if the retirees were removed from the plan, the premium for the active group would be lower; therefore, the retirees' premiums are being subsidized by the active group. Since the employer generally pays a large portion or all of the premiums for the active group, this subsidy creates a liability for the employer. The difference between the expected claims for the retiree group and the blended premium is called the Implicit Rate Subsidy.

The State operates a single-employer retiree benefit plan which provides medical insurance benefits for retirees. There are 28,510 active and 1,866 retired participants in the plan. The State currently offers five self-insured plans which are available to participants through Wellmark Blue Cross Blue Shield: Program 3 Plus, Deductible 3 Plus, Iowa Select, Blue Access and Blue Advantage.

Funding Policy

The contribution requirements of the plan participants are established and may be amended by the State legislature. The State currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

The State's annual OPEB cost is calculated based on the annual required contribution (ARC) of the State, an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the State's annual OPEB cost for June 30, 2009, the amount actually contributed to the plan and changes in the State's net OPEB obligation:

Annual required contribution	$	29,634,000
Interest on net OPEB obligation		730,000
Adjustment to annual required contribution		(995,000)
Annual OPEB cost		29,369,000
Contributions made		(8,681,000)
Increase in net OPEB obligation		20,688,000
Net OPEB obligation beginning of year		16,213,000
Net OPEB obligation end of year	$	36,901,000

The State's plan includes AFSCME employees of the universities. The portion of the fiscal year 2009 net OPEB obligation related to those employees is $7.8 million.

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2007. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the plans actual contributions for the year ended June 30, 2009.

For fiscal year 2009, the State contributed $8,681,000 to the medical plan. The State's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year 2009 and the preceding fiscal year are summarized as follows:

Year Ended June 30,	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
2008	$ 23,480,000	30.95%	$ 16,213,000
2009	29,369,000	29.56%	36,901,000

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was $293.5 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $293.5 million. The covered payroll (annual payroll of active employees covered by the plan) was $1,561.8 million and the ratio of the UAAL to the covered payroll was 18.79%. As of June 30, 2009, there were no trust fund assets.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to the Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009, actuarial valuation date, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.50% discount rate based on the estimated long-term investment yield on the general assets of the State. The projected annual medical trend rate is 7.6% for managed care and 8.1% for non managed care plans. The medical trend rate is based on a general GDP growth assumption of 5.0% and capping the medical component of GDP at approximately 20.0% of GDP.

Mortality rates are from the RP-2000 Healthy Combined Mortality Table for Males and Females set forward one year for males and set back two years for females. General improvements are assumed using projection scale AA. The majority of State of Iowa employees are participants in the Iowa Public Employees' Retirement System. For this reason, the withdrawal, retirement and age of spouse assumptions are based on the assumptions used for the Iowa Public Employees' Retirement System Actuarial Valuation Report as of June 30, 2008. The plan participation assumption is based upon the recent experience of the State of Iowa Postretirement Medical Plan.

The UAAL is being amortized on a level dollar open basis over 30 years.

B. University Funds

Plan Description

The University of Iowa, Iowa State University and the University of Northern Iowa (the Universities) operate single employer benefit plans which provide medical, dental and life insurance benefits for retirees and their spouses. Detailed plan description information is available in the Universities' separately issued financial reports.

Funding Policy

The contribution requirements of the plan participants are established and may be amended by the Universities. The Universities currently finance the retiree benefit plans on a pay-as-you-go basis. For fiscal year 2009, the universities contributed $8.8 million to the plan and members receiving benefits contributed $9.6 million of the premium cost.

Annual OPEB Cost and Net OPEB Obligation

The following table shows the components of the Universities' annual OPEB cost for June 30, 2009, the amount actually contributed to the plans and changes in the Universities' net OPEB obligation:

Annual required contribution	$	20,485,000
Interest on net OPEB obligation		544,000
Adjustment to annual required contribution		(567,000)
Annual OPEB cost		20,462,000
Contributions made		(8,753,000)
Increase in net OPEB obligation		11,709,000
Net OPEB obligation beginning of year		10,165,000
Net OPEB obligation end of year	$	21,874,000

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2007. The end of year net OPEB obligation was calculated by the actuaries as the cumulative difference between the actuarially determined funding requirements and the plans' actual contributions for the year ended June 30, 2009.

The Universities' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year 2009 and the preceding fiscal year are summarized as follows:

Year Ended June 30,		Annual OPEB Cost (AOC)	Percentage of AOC Contributed		Net OPEB Obligation
2008	$	19,511,000	47.90%	$	10,165,000
2009		20,462,000	42.78%		21,874,000

Funded Status and Funding Progress

As of the most recent actuarial valuation for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was $201.8 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $201.8 million. The covered payroll (annual payroll of active employees covered by the plan) was $1,228.0 million and the ratio of the UAAL to the covered payroll was 16.43%. As of June 30, 2009, there were no trust fund assets.

Information from the Universities' latest actuarial valuations follows:

	University of Iowa	Iowa State University	University of Northern Iowa
Actuarial valuation date	July 1, 2009	July 1, 2009	July 1, 2009
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Level percentage of projected payroll	Level dollar	Level percentage of projected payroll
Amortization period	Open basis over 30 years	Open basis over 30 years	Open basis over 30 years
Rate of investment return	6.95%	4.00%	5.00%
Medical trend rate	9.00%	8.50%	11.00%
Ultimate medical trend rate	5.00%	Reduced 0.50% each year after 3 years until reaching 5.00%	Reduced 0.50% each year until reaching 6.00%
Payroll growth rate	3.50%	n/a	4.00%

NOTE 18 – OTHER TERMINATION BENEFITS

A. Executive Branch Sick Leave and Vacation Incentive Program

On April 2, 2004, the Governor signed into law a sick leave and vacation incentive program for eligible executive branch employees. The program requires the sum of the number of years of credited service (service under the Iowa Public Employees' Retirement System or the Peace Officers' Retirement, Accident and Disability System) and age in years as of December 31, 2004, equals or exceeds 75. Employees were required to sign up by May 21, 2004, and to leave State employment no earlier than July 2, 2004, but no later than August 12, 2004.

The incentive was calculated as the total dollar value of accrued vacation at the time of termination plus the lesser of 75% of the employee's accumulated and unused sick leave or 75% of the employee's annual salary. The vacation and sick leave was paid out in five installments with 30% paid with the employee's last regular payroll warrant, 20% paid in each August in 2005, 2006, 2007, and the remaining 10% in August 2008. In the event a program participant died prior to receiving the total cash value of the incentive, the participant's designated beneficiary or beneficiaries received the remaining payments on the schedule developed for such payments.

Participants of the program may not accept permanent part-time or permanent full-time employment with the State, other than as an elected official, after termination.

The incentive was financed on a pay-as-you-go basis by the department from which the employee terminated. Amounts due for the program have been recorded as a liability in the government-wide financial statements. Early Out costs for fiscal year 2009 for 272 participants totaled $870,191 for governmental funds and $8,640 for other funds.

B. Board of Regents Early Retirement Incentive Programs

The Board of Regents approved an Early Retirement Incentive Program (ERIP) in June 1986, with modifications in July 1990 and July 1992; and in July 2001, the Board of Regents approved discontinuation of the program upon its expiration on June 30, 2002. The Board of Regents has authorized each institutional head to exercise discretion as to whether employees who are qualified at June 30, 2002, may have two years after expiration of the program to request participation. This program expired June 30, 2004.

Those eligible for participation were faculty, professional-scientific employees, institutional officials, staff of the Board Office and all merit system employees employed by the Board of Regents for a period of at least 15 years and who have attained the age of 57 by June 30, 2002. The employee's department head and the appropriate administrative officers approved the employee's participation.

All incentive payments are financed on a pay-as-you-go basis, except at the University of Northern Iowa. At the University of Northern Iowa, the policy requires departments to fully fund the ERIP liability upon signing new ERIP contracts. No contracts were signed or funded during the fiscal year ended June 30, 2009. Current contracts will be fulfilled during the fiscal year ended 2013.

An employee approved for participation in the program will receive the following incentives until age 65 unless otherwise specified:

1) Health & Dental Insurance – The employer's contributions are made until the employee is eligible for Medicare coverage.

2) Group Life Insurance – The employer provides a paid-up life insurance policy which varies in amounts between $2,000 and $4,000.

3) TIAA/CREF Contributions – The employer's and employee's contributions are made for up to three years; and employer's contributions are payable for a maximum of five years or until the employee is eligible for full Social Security benefits, whichever occurs first.

4) IPERS Contributions – The employee may elect lump sum payment.

The employee may elect, prior to approval of participation in the program, to accept the present value of all or part of the incentives as a lump sum payment on the beginning date of participation in the program. The rate of interest used to calculate the present value is established annually by the board. The rate approved for fiscal year 2004 was 1.00%. There are no future rates since the program ended June 30, 2004.

The Board of Regents Institutions' contributions for the fiscal year ended June 30, 2009, amounted to $1,769,195 for 167 participants.

The Board of Regents approved a one-time Early Retirement Incentive Program (ERIP) in April, 2009. All incentive payments are financed on a pay-as-you-go basis, except at the University of Northern Iowa where the policy requires departments to fully fund the ERIP liability upon signing new ERIP contracts. The interest rate used is 0.4%. At June 30, 2009, 79 contracts to retire were signed. Current contracts will be fulfilled during the fiscal year ended 2015.

Iowa State University eligible employees were faculty, professional-scientific employees, institutional officials and all merit system employees who have attained the age of 60 and had accumulated ten years of service. Employee retirement date must occur by January 31, 2010.

The University of Northern Iowa permitted participation through July 31, 2009. Eligible employees were faculty, professional-scientific employees, institutional officials and all merit system employees who have attained the age of 57 and whose age plus years of service equals 70 or more by their retirement date. Employee retirement date must occur between June 1, 2009 and December 31, 2009.

The following benefits are applicable during participation in the 2009 Program:

1) Health and Dental Insurance – The employer's and employee's contributions are made for the employee and spouse/domestic partner for five years. (University of Northern Iowa employees are permitted to elect to accept the present value of the health and dental insurance contributions as a lump sum payout in lieu of continuing coverage on the University's health and dental plans.)

2) TIAA/CREF – The employer's contributions will be made to TIAA/CREF for five years based on the employee's annual salary as of May 1, 2009 (for the University of Northern Iowa only).

3) Group Life Insurance – The employer provides a paid-up life insurance policy in the amount of $4,000 (for Iowa State University only).

The Board of Regents Institutions' contributions for the fiscal year ended June 30, 2009, amounted to $58,885 for 42 participants.

C. State Police Officers Council

The State Police Officers Council (SPOC) Collective Bargaining Agreement provides upon retirement, including disability retirement, credit for all unused sick leave.

Accumulated unused sick leave in both the active and banked sick leave accounts shall be converted at current value and credited to the employee's account for the purpose of paying the cost of the monthly premiums of a health insurance and/or life insurance policy.

Upon written authority from or upon the death of a retired employee, or upon the death of an active employee, the spouse or the surviving spouse shall be entitled to the value of the sick leave bank in both the active and banked sick leave accounts as converted in the previous paragraph for the purpose of paying the cost of monthly premiums of the health insurance and/or life insurance policy for the employee's spouse or dependents.

If the carrier of either the health or life insurance policy is not a current contracted carrier with the State of Iowa, or the council or any of its sub organizations, the employee or spouse shall be eligible for reimbursement of a premium payment to that carrier upon submission of proof of payment. If there is dissolution of marriage or divorce, it is the employee's responsibility to withdraw their authority.

The benefits are funded on a pay-as-you-go basis for Department of Public Safety retirees and fully funded for Department of Natural Resources retirees.

For the year ended June 30, 2009, 211 SPOC retirees received benefits totaling $1,055,846.

D. Other Voluntary Termination Benefit Programs

Voluntary termination benefit programs have been established through collective bargaining for Executive Branch AFSCME and IUP employees, Judicial Branch AFSCME and PPME employees and Community Based Corrections employees. The programs are also offered to Executive Branch non-contract employees, Judicial Branch non-contract employees, Legislative employees and Community Based Corrections non-contract employees, except for judicial officers. The programs allow employees who are eligible upon a bona fide retirement to use the value of their unused sick leave to pay the employer share of the monthly premium of the State's group health insurance plan after their retirement.

Upon retirement, employees shall first receive cash payment for accumulated, unused sick leave converted at the employee's current regular hourly rate of pay, up to $2,000, payable with the final payroll warrant that includes the employee's retirement date. The value of the remaining balance of the accrued sick leave will be converted based upon the original balance (before the cash payment). The remainder of the sick leave value is calculated as follows, based on the number of sick hours the employee had before the cash payment:

If the sick leave balance is:	**The conversion rate is:**
Zero to 750 hours	60% of the value
Over 750 hours to 1,500 hours	80% of the value
Over 1,500 hours	100% of the value

The final calculated dollar value will be credited to the employee's Sick Leave Insurance Program (SLIP). Each month, the retiree's former employing department will pay 100% of the employer share of the selected state group health insurance premium from the retiree's SLIP account. The retiree is responsible for any additional premiums associated with the employee/retiree share.

The employer will continue to pay the employer's share of the health insurance premium each month until the converted value of the employee's sick leave balance is exhausted, until the employee is eligible for Medicare, the employee waives the benefit or until the employee dies, whichever comes first. The retired employees may stay with the same health insurance program as when employed or switch down at any time without underwriting. The converted value of the sick leave can only be applied to the employer's share of health insurance premium payments. It has no cash value and it is not transferable to another use or to an heir.

If a retired employee who has utilized this benefit returns to permanent state employment, all remaining balances in the sick leave insurance program will be forfeited.

All program benefits are financed on a pay-as-you-go basis by the department from which the employee retired. Amounts due for this program have been recorded as a liability in the government-wide financial statements.

For the year ended June 30, 2009, 917 employees from the Executive and Legislative Branches of Government have retired and received benefits totaling $5,208,191 under SLIP. In addition, 140 employees from the Judicial Branch and Community Based Corrections have retired and received benefits totaling $897,031 under the SLIP program.

NOTE 19 – RISK MANAGEMENT

A. Insurance/Transfer of Risk

State employee benefits for health, dental, long-term disability and life insurance coverage are fully insured through commercial insurers. The State also insures with outside parties for certain liabilities. The State assumes liability for any deductibles and claims in excess of coverage limitations. Iowa State University and the University of Iowa assume responsibility for aircraft liability in excess of $10.0 million and $2.0 million, respectively.

The University of Northern Iowa carries a blanket policy where it assumes liability in excess of $550.0 million for the Residence System Buildings, Maucker Union, General Fund Buildings, Early Childhood Center, McLeod Center, UNI-Dome and in excess of $100.0 million for boiler and machinery. Individual limits for buildings and contents are in excess of: $246.1 million for Residence Halls, $61.9 million for Residence Apartments, $30.8 million for Maucker Union, $753.9 million for General Fund Buildings, $33.9 million for the McLeod Center, $58.3 million for UNI-Dome and $3.2 million for Early Childhood Center. Individual limits for loss of business income are in excess of $25.1 million for Residence Halls, $3.4 million for Residence Apartments, $2.3 million for the McLeod Center and $2.5 million for UNI-Dome. The University assumes liability in excess of $2.7 million for broadcasting towers and equipment.

The University of Iowa assumes liability for damage to buildings and contents for the first $2.0 million and in excess of $1.0 billion, pharmacy products liability for the first $10,000 and in excess of $7.0 million, student interns professional liability in excess of $3.0 million, dental student professional liability in excess of $3.0 million, nursing students professional liability in excess of $5.0 million, pharmacy students professional liability in excess of $3.0 million, losses at the Museum of Art in excess of $500.0 million, criminal fidelity liability for the first $250,000 and in excess of $10.0 million.

The University of Iowa also assumes liability for athletic trainers professional liability in excess of $3.0 million, liability for gymnastics camps, youth camps, outreach clinics and special events in excess of $2.0 million each. It also assumes liability for property damage to the Hawkeye Express in excess of $1.2 million, liability in excess of $2.0 million and liability for the Hawkeye Express Railroad in excess of $25.0 million.

Iowa State University assumes liability for damage to buildings and contents in excess of $2.2 billion for general fund properties, $303.7 million for residence systems – dormitories, $303.6 million for power plant property, $117.9 million for residence system – other housing, $100.0 million for boiler/machinery/power plant, $95.0 million for Memorial Union, $77.5 million for Hilton Coliseum, $44.6 million for CY Stephens Auditorium, $43.0 million for Scheman Continuing Education Building, $41.5 million for Jacobson and miscellaneous properties, and $35.5 million for Jack Trice Stadium. Iowa State University also assumes liability for damage to additional buildings and properties ranging from the first $250 and in excess of $27.1 million. Iowa State University assumes liability for business interruption in excess of ranges from $104,657 to $16.9 million.

Glenwood Resource Center assumes liability for volunteers' accident and personal liability in excess of $1.0 million per occurrence and $3.0 million annually. The Iowa Braille and Sight Saving School assumes liability for the first $1.0 million and in excess of $32.0 million for catastrophic losses.

The First, Second, Third, Fourth, Fifth, Sixth, Seventh and Eighth Judicial Districts assume liability for physical damage to buildings and contents in excess of $18.1 million, $11.1 million, $4.6 million, $3.5 million, $16.0 million, $9.7 million, $3.2 million and $2.5 million, respectively. The First and Second Judicial Districts carry blanket policies where they assume liability in excess of $6.0 million and $500,000, respectively for boilers. The Seventh Judicial District assumes liability in excess of $9.0 million for builder's risk.

The Iowa Lottery Authority assumes liability for damage to buildings and contents in excess of $7.5 million.

The Iowa Veterans Home assumes liability in excess of $33.7 million for builder's risk including boiler and machinery.

Iowa Workforce Development assumes liability for damages in excess of $11.1 million for buildings and contents and in excess of $4.5 million for computer equipment.

The State maintains an employee fidelity bond where the first $100,000 in losses and any losses exceeding $2.0 million becomes the responsibility of the State. Iowa State University maintains an additional policy and assumes liability in excess of $4.0 million.

There were no settlements in excess of coverage for the past three fiscal years, except for the University of Iowa which incurred extensive flood damage at the end of the prior fiscal year. The amount in excess of coverage is undeterminable at this time.

B. Self-Insurance/Retention of Risk

It is the policy of the State not to purchase commercial insurance, except as detailed above, for the risks of losses to which it is exposed. Instead, State management believes that it is more economical to manage its risks internally and set aside assets for claim settlement in its internal service funds or to pay claims from the General Fund.

Specific claim adjustment expenditures/expenses and estimated recoveries on unsettled claims are included in the determination of claims liability. Other allocated or unallocated claims adjustment expenditures/expenses are not included.

The State is self-insured for various risks of loss related to work injuries of its employees. The Workers' Compensation Fund, an internal service fund, services workers' compensation claims. The liability for unpaid claims is estimated based on the average cost per claim-type determined from an actuarial review. Changes in the balances for estimated claims liabilities in fiscal years 2008 and 2009 were (expressed in thousands):

	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
FY 08	$ 50,125	20,540	20,218	$ 50,447
FY 09	50,447	20,581	21,989	49,039

The State is self-insured for various risks of loss related to its motor vehicle fleet. The Vehicle Dispatcher Self-Insurance Fund, an internal service fund, services liability and property damage claims. The liability for unpaid claims is estimated based on historical experience and the application of an industry standard of 40% for IBNR claims. Changes in the balances for estimated claims liabilities for fiscal years 2008 and 2009 were (expressed in thousands):

	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
FY 08	$ 73	78	74	$ 77
FY 09	77	540	186	431

The State is self-insured for various risks of loss related to the operation of the Board of Regents Institutions' motor vehicle fleets. The Regent's Motor Vehicle Liability Self-Insurance Fund, an internal service fund, services liability and property damage claims. The liability for unpaid claims is estimated based on statistical techniques that reflect recent settlements, similar claim history and other economic and social factors. Changes in the balances for estimated claims liabilities in fiscal years 2008 and 2009 were (expressed in thousands):

	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
FY 08	$ 745	216	274	$ 687
FY 09	687	382	392	677

The State is self-insured for risks of loss related to property damage and torts. All claims must be filed with the State Appeal Board which has the authority to approve or reject claims. Claims allowed in an amount greater than $5,000 require the unanimous approval of all members of the Board, the Attorney General and the District Court of the State of Iowa for Polk County. The liability for unpaid claims is estimated based on historical experience and analysis. Changes in the balances for estimated claims liabilities in fiscal years 2008 and 2009 were (expressed in thousands):

	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
FY 08	$ 17,900	26,869	25,269	$ 19,500
FY 09	19,500	4,131	5,631	18,000

The Universities retain risk liability for medical faculty malpractice; medical, dental, unemployment and workers' compensation coverage for some employees; and various property damage not covered as described above. The estimates of claim liabilities for faculty medical malpractice and employee medical, dental, unemployment and workers' compensation are based on actuarial analysis. The estimates of the claim liability for various property damage are based on historical analysis. Changes in the balances for estimated claims liabilities in fiscal years 2008 and 2009 were (expressed in thousands):

	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
FY 08	$ 31,522	152,279	154,083	$ 29,718
FY 09	29,718	164,770	162,548	31,940

NOTE 20 – LITIGATION, CONTINGENCIES AND COMMITMENTS

The *Iowa Department of Revenue* has pending litigation regarding income tax cases. The cases could possibly result in refunds estimated at $1.8 million.

The *Iowa Public Employees' Retirement System* (IPERS) had commitments to fund an additional $1.675 billion to various private equity/debt partnerships and real estate investment managers at June 30, 2009.

The *Iowa Department of Transportation* has contractual obligations for construction and other contracts of $336.5 million at June 30, 2009.

The *University of Iowa* has outstanding construction contract commitments of $150.6 million at June 30, 2009.

Iowa State University has outstanding construction contract commitments of $60.9 million at June 30, 2009.

The *University of Northern Iowa* has outstanding construction contract commitments of $11.7 million at June 30, 2009.

The *Iowa Department of Natural Resources* has outstanding construction contract commitments of $5.8 million at June 30, 2009.

The *Iowa Department of Administrative Services* has outstanding construction contract commitments of $52.8 million at June 30, 2009.

The *Iowa Finance Authority* has committed to purchase $30.9 million in mortgage-backed securities; approved loan agreements under various housing assistance programs for $28.7 million and signed loan agreements with municipalities and water systems totaling $188.9 million at June 30, 2009.

The *Iowa Department of Economic Development* has commitments of $309.0 million at June 30, 2009.

The *Office of Energy Independence* has commitments of $27.7 million at June 30, 2009.

The *Iowa Veterans Home* has contractual obligations for construction and other contracts of $35.2 million at June 30, 2009.

The *Iowa Veterans Affairs* has contractual obligations for construction and other contracts of $4.6 million at June 30, 2009.

NOTE 21 – BOND ANTICIPATION NOTES

The State of Iowa plans to build a new Iowa State Penitentiary. In order to fund the design costs in fiscal years 2009 and 2010, the State issued $6,760,000 of Iowa Prison Infrastructure Fund Revenue Bond Anticipation Notes, Series 2009 (BANS). The BANS were issued in advance of issuing General Obligation Bonds.

The BANS were issued April, 2009 with an interest rate of 2.75% and are due by June, 2011. The proceeds were deposited into a capital projects fund. The BANS are payable from the obligation of the State to issue permanent bonds prior to the maturity of the BANS in the amount sufficient to provide proceeds to pay the principal of the BANS. The State plans to repay the BANS before June 30, 2010; and as such, the BANS are treated as a current liability.

The following is a schedule of BANS activity for the year ended June 30, 2009 (expressed in thousands):

Beginning Balance	Issued	Redeemed	Ending Balance
$ -	$ 6,760	$ -	$ 6,760

NOTE 22 – BEGINNING BALANCE ADJUSTMENTS

During fiscal year 2009, the Department of Natural Resources began using a new computer system to accumulate and report the Department's capital assets and accumulated depreciation. The Department identified $9.9 million in reclassifications and misstatements resulting in the restatement of the June 30, 2008 governmental activities invested in capital assets, net of related debt to $6,193.8 million. The table below summarizes the effect of the reclassifications and misstatements on the capital assets (expressed in thousands):

	Governmental Activities
Capital assets, net, July 1, 2008	$ 6,258,600
Capital assets not being depreciated	(959)
Capital assets being depreciated	(9,839)
Accumulated depreciation	856
Capital assets, net, balance restated	$ 6,248,658

NOTE 23 – DEFICIT FUND BALANCE

The Tobacco Collections Fund, a major Special Revenue Fund, had a deficit fund balance of $616.8 million at June 30, 2009. Due to the implementation of GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, in fiscal year 2008, an interfund advance was recorded in the Tobacco Collections Fund, causing a deficit fund balance. As future tobacco collections are received in the Tobacco Collections Fund and remitted to the Tobacco Settlement Authority for repayment of debt, the interfund advance will be reduced and the deficit eliminated.

NOTE 24 – EXTRAORDINARY ITEM

The University of Iowa sustained significant damage to property and impairment to capital assets as a result of the June 2008 flooding of the Iowa River. The magnitude of the flood surpassed the 100-year flood plain and penetrated the 500-year flood plain. The activity related to this event is reported as an extraordinary item as it is both unusual in nature and infrequent in occurrence.

The following details the components of the extraordinary item at June 30, 2009 (expressed in thousands):

Capital asset impairment gain, net of insurance recovery (see NOTE 6)	$ 4,416
Flood related expenses incurred	(22,892)
Other insurance recoveries (including business interruption, etc.)	21,636
Net extraordinary item	$ 3,160

NOTE 25 – SUBSEQUENT EVENTS

The *State of Iowa* issued $380,120,000 of IJOBS Program Special Obligation Bonds, Series 2009A and $220,950,000 of IJOBS Program Special Obligation Bonds Taxable Series 2009B. The bonds will bear interest rates varying from 3.00% to 5.00% and will mature in varying amounts from June 1, 2011 through June 1, 2029. The bonds are issued pursuant to a Master Indenture of Trust and a Series 2009 Supplemental Indenture of Trust, both dated July 1, 2009. The proceeds of the bonds will be used to finance certain infrastructure projects of the State, certain grant and loan programs of the State, capitalized interest on a portion of the bonds through June 1, 2010, a Bond Reserve Fund and certain costs of issuance.

The *State of Iowa* issued $12,640,000 of Iowa Utilities Board and Consumer Advocate State Building Special Obligation Bonds, Series 2009 in August, 2009. The bonds will bear an interest rate of 5.04% and will mature in varying amounts from June 15, 2011 through June 15, 2029. The proceeds of the bonds will be used to finance the costs of construction of a new building, to fund a debt service reserve fund, to fund capitalized interest and to pay for costs of issuance.

The *University of Iowa* issued Parking System Revenue Refunding Bonds, Series 2009 in the amount of $6,255,000 in July, 2009 for the purpose of currently refunding the July 1, 2010 through July 1, 2019 maturities of the Board's Parking System Revenue Bonds, Series 1999B, dated February 1, 1999 (the Series 1999B Refunded Bonds) and paying for costs of issuance.

The *University of Iowa* issued Recreational Facilities Revenue Bonds, Series S.U.I. 2009 in the amount of $25,175,000 in July, 2009 for the purpose of financing a portion of the cost of building, furnishing and equipping a Campus Recreation and Wellness Center on campus, constructing improvements to the University's Field House, to fund a deposit to the Reserve Fund and paying for costs of issuance.

The *University of Iowa* issued Utility System Revenue Refunding Bonds, Series 2009 in the amount of $19,010,000 in September, 2009 for the costs of currently refunding the following in advance of maturity: the outstanding principal of the November 1, 2010 through November 1, 2019 maturities of the Board's Utility System Revenue Bonds, Series S.U.I. 1998, dated December 1, 1998, the outstanding principal of the November 1, 2010 through November 1, 2013 maturities of the Board's Utility System Revenue Refunding Bonds, Series S.U.I. 1999A, dated March 1, 1999 and the outstanding principal of the November 1, 2010 through November 1, 2013 maturities of the Board's Utility System Revenue Refunding Bonds, Series S.U.I. 1999B, dated October 1, 1999 and paying for costs of issuance.

The *University of Iowa* issued Athletic Facilities Revenue Bonds, Series S.U.I. 2009 in the amount of $26,000,000 in November, 2009 for the purpose of financing a portion of the costs of improving, remodeling, repairing, furnishing, equipping and building additions to Carver-Hawkeye Arena located on the campus of the University, funding the Reserve Fund and paying for costs of issuance.

The *University of Iowa* issued Telecommunications Facilities Revenue Bonds, Series S.U.I. 2009 in the amount of $25,000,000 in December, 2009 for the purpose of constructing a new secured computer data center to house and protect the computing and networking systems critical to the daily operations of the University and University Hospitals and Clinics, funding a debt service Reserve Fund and paying for costs of issuance.

The *University of Iowa* issued Academic Building Revenue Flood Anticipation Notes, Series S.U.I. 2009 in the amount of $26,750,000 in December, 2009 for the purpose of paying or reimbursing a portion of the costs of constructing, improving, remodeling, repairing and equipping various facilities on the campus of the University damaged by the flood of 2008, funding a capitalized interest fund, and paying for costs of issuance.

Iowa State University issued Academic Building Revenue Bonds, Series I.S.U. 2009 for $15,165,000 in September, 2009. These bonds will bear interest at varying rates between 2.5% and 4.0% and will mature in varying amounts from July 1, 2014 through July 1, 2019. The proceeds of these bonds will be used to refund in advance of maturity, the July 1, 2010 through July 1, 2013 maturities of the Series 1998 Refunded Bonds, the July 1, 2010 through July 1, 2013 maturities of the Series 2001A Refunded Bonds, the July 1, 2010 through July 1, 2015 maturities of the Series 2001B Refunded Bonds and to pay for costs of issuance.

Iowa State University issued Academic Building Revenue Bonds, Series I.S.U. 2009A for $26,000,000 in October, 2009. These bonds will bear interest at varying rates between 3.0% and 5.0% and will mature in varying amounts from July 1, 2016 through July 1, 2035. The proceeds of these bonds will be used to pay a portion of the costs of constructing, improving, remodeling, repairing and equipping the Chemistry Building (Hach Hall), funding a capitalized interest fund, funding a Reserve Fund and paying for costs of issuance.

Iowa State University entered into the sale of an unsecured and subordinated promissory note, Series 2009B for $4,000,000 in August, 2009. This note will bear interest at a variable, semiannual interest rate; provided that in no event the interest rate will exceed 10% per annum. The interest rate may be converted at the option of the University to a fixed annual rate of interest. The note will be repaid in semiannual payments from November 1, 2009 through November 1, 2029. The proceeds of the note will be used to finance certain improvements for Iowa State University's Jack Trice Stadium Improvements – East Concourse Project.

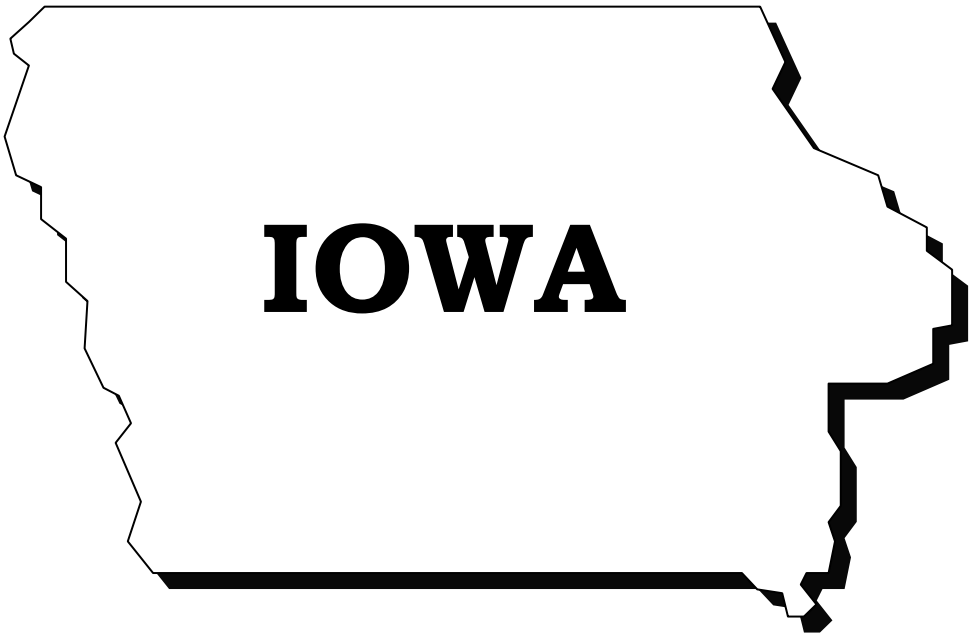
Iowa State University entered into a lease purchase agreement, Series A for $5,900,000 and Series B for $1,000,000, dated September 1, 2009, for a basketball practice facility. Series A will bear a fixed interest rate of 5.07% and be repaid in semiannual payments from May 1, 2010 through May 1, 2020. Series B will bear interest at a variable, semiannual interest rate; provided that in no event the interest rate will exceed 10% per annum. The interest rate may be converted at the option of the University to a fixed annual rate of interest.

On September 18, 2009, in response to concerns identified with the Iowa Film, Television and Video Project Promotion Program (Film Program), the Governor requested the Office of Auditor of State, the Iowa Department of

Revenue and the Iowa Department of Justice, Office of the Attorney General to perform a joint review of the Film Program.

The Film Program is administered by the Iowa Department of Economic Development which issues tax credits for qualifying expenditures. Although the Film Program was temporarily suspended, certain existing film projects have been allowed to continue. No new film projects will be registered under the Film Program until the Legislature and the Governor have an opportunity to review and re-evaluate the Film Program.

Capital markets have experienced unprecedented volatility and selling pressure due to a global financial crisis that persists as of the date of this report. As a result, the State's investments reported in the accompanying financial statements have incurred significant declines in value. Because the values of individual investments fluctuate with market conditions, the amount of losses, if any, that the State will recognize in future financial statements, cannot be determined.


IOWA

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF IOWA

Required Supplementary Information
Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2009
(Expressed in Thousands)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
APPROPRIATED REVENUE				
Special taxes:				
Personal income tax	$ 3,512,600	$ 3,361,000	$ 3,313,722	$ (47,278)
Sales/use tax	2,042,700	2,383,500	2,380,561	(2,939)
Corporation income tax	424,700	401,000	408,578	7,578
Inheritance tax	74,600	75,600	72,562	(3,038)
Insurance premium tax	127,400	112,900	90,035	(22,865)
Cigarette tax	217,100	217,000	215,815	(1,185)
Tobacco tax	20,900	20,800	22,338	1,538
Beer & liquor tax	14,500	14,700	14,703	3
Franchise tax	37,400	33,000	33,271	271
Miscellaneous tax	1,000	1,000	1,007	7
Total special taxes	6,472,900	6,620,500	6,552,592	(67,908)
Reimbursements & fees:				
Institutional reimbursements	12,800	13,700	16,342	2,642
Liquor transfers	70,500	81,300	85,660	4,360
Interest	19,000	14,600	11,667	(2,933)
Fees	78,000	72,100	76,230	4,130
Judicial revenue	113,300	95,200	100,365	5,165
Miscellaneous receipts	37,800	35,100	35,547	447
Racing & gaming receipts	60,000	60,000	60,000	-
Total receipts	6,864,300	6,992,500	6,938,403	(54,097)
Transfers	62,900	118,000	185,003	67,003
TOTAL APPROPRIATED REVENUE	**6,927,200**	**7,110,500**	**7,123,406**	**12,906**
RECEIPTS CREDITED TO APPROPRIATIONS				
Sales tax quarterly	6	6	3	(3)
Multi suspense	3,472	3,472	3,440	(32)
Other taxes	-	20	-	(20)
Federal support	2,475,299	2,542,376	2,585,659	43,283
Local governments	196,591	196,628	171,689	(24,939)
Other states	1	1	-	(1)
Internal service transfers	542,378	555,432	564,964	9,532
Internal service reimbursements	28,136	28,228	26,808	(1,420)
Interest	70	71	123	52
Fees, licenses & permits	40,951	42,899	37,000	(5,899)
Refunds & reimbursements	320,828	325,993	368,970	42,977
Sale of equipment & salvage	3	3	8	5
Rents & leases	3,268	3,268	3,135	(133)
Agricultural sales	-	-	2	2
Other sales & services	3,257	3,255	3,655	400
Unearned receipts	347	347	543	196
Other	87,848	87,699	109,820	22,121
TOTAL APPROPRIATED RECEIPTS	**3,702,455**	**3,789,698**	**3,875,819**	**86,121**
TOTAL ALL REVENUE	**10,629,655**	**10,900,198**	**10,999,225**	**99,027**
SCHOOL INFRASTRUCTURE TRANSFER	**-**	**(357,500)**	**(385,517)**	**(28,017)**
REFUNDS OF TAXES COLLECTED	**(724,000)**	**(760,000)**	**(803,947)**	**(43,947)**
TOTAL REVENUES AVAILABLE	**9,905,655**	**9,782,698**	**9,809,761**	**27,063**

(continued on next page)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
EXPENDITURES				
Administration & regulation	405,293	427,562	445,469	(17,907)
Agriculture & natural resources	155,514	159,983	155,172	4,811
Economic development	86,673	98,956	92,482	6,474
Education	3,816,763	3,717,525	3,735,746	(18,221)
Health & human services	4,592,981	4,594,035	4,569,225	24,810
Justice	588,638	582,418	588,628	(6,210)
Judicial	160,164	157,383	157,939	(556)
Legislature	37,130	36,177	35,011	1,166
TOTAL EXPENDITURES	**9,843,156**	**9,774,039**	**9,779,672**	**(5,633)**
REVENUES AVAILABLE OVER EXPENDITURES AND TRANSFERS	**62,499**	**8,659**	**30,089**	**21,430**
OTHER FINANCING SOURCES (USES)				
Balances credited to appropriations	39,499	50,030	50,030	-
Unexpended appropriations	(17,212)	(14,087)	(80,113)	(66,026)
TOTAL OTHER FINANCING SOURCES (USES)	**22,287**	**35,943**	**(30,083)**	**(66,026)**
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES AND OTHER ITEMS	**84,786**	**44,602**	**6**	**(44,596)**
BEGINNING FUND BALANCE (BUDGETARY)	**-**	**-**	**-**	**-**
REMAINING FUND BALANCE (BUDGETARY)	**$ 84,786**	**$ 44,602**	**$ 6**	**$ (44,596)**

STATE OF IOWA

Required Supplementary Information
Budgetary Comparison Schedule - Budget to GAAP Reconciliation - General Fund

June 30, 2009
(Expressed in Thousands)

Fund balance- budgetary/legal	**$**	**6**
Basis of accounting differences:		
Balance sheet accounts:		
Accounts receivable		212,610
Loans receivable		165
Due from other funds		85
Prepaid expenditures		9,289
Accounts payable & accruals		(147,060)
Due to other funds		(62,625)
Deferred revenue		(147,924)
Reserved encumbrances		80,113
Timing differences:		
Petty cash & inventory expensed in budgetary accounting		89,603
Perspective differences		1,889,637
Total fund balance - GAAP basis		**1,923,899**
Less: reserved fund balance - GAAP basis		1,121,132
Unreserved fund balance - GAAP basis	**$**	**802,767**

STATE OF IOWA

Required Supplementary Information

Notes to Required Supplementary Information – Budgetary Reporting

BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATIONS

During the year ended June 30, 2009, actual expenditures exceeded budgeted expenditures in the General Fund in the Administration and Regulation, Education, Justice, and Judicial functions.

For the Administration and Regulation function, the budget overages occurred in the *Executive Council* for performance of duty claims. The Executive Council has a standing unlimited appropriation which, according to Sections 7D.29 and 25.2 of the Code of Iowa, allows them to spend additional funds without amending the original budget.

For the Education function, the *Department of Education* received additional federal funds for the School Breakfast and Lunch Service Programs and the Fresh Fruit and Vegetable Program and expended those funds for allowable program expenditures. The *Department of Education* also had budget overages in the School Foundation Aid appropriation which, according to Section 257.16 of the Code of Iowa, allows them to spend additional funds without amending the original budget. The *Board of Regents* received additional funds from the Grow Iowa Values Fund and expended those funds for allowable program expenditures.

For the Justice function, the *Attorney General* through the *Consumer Advocate* under Section 475A.6 of the Code of Iowa is allowed to spend additional funds when approved by the Department of Mangement, which granted approval on June 2, 2009. The *Iowa Law Enforcement Academy* received additional fees above what was budgeted to provide training to local law enforcement entities and expended additional funds by providing appropriate training. The *Department of Public Defense* had budget overages for military construction funding from the Federal Government and expended the funds for allowable expenditures.

For the Judicial function, the *Iowa Courts* received additional revenues over budgeted amounts and expended those funds on allowable program expenditures.

BUDGETARY PRESENTATION

The budget encompasses the General Fund of the State and some Special Revenue Funds, (Real Estate Education, Inspection and Appeals Use Tax Clearing, Unclaimed Winnings, Vertical Infrastructure Fund, Federal Economic Stimulus and Jobs Holding Fund, Environment First Fund, Property Tax Credit Fund, Technology Reinvestment Fund, Federal Recovery and Reinvestment Fund, Healthy Iowan's Tobacco Trust, Revenue Bonds Capital Fund, Underground Storage Tank Unassigned Revenue, Tobacco Tax Exempt Bond Proceeds Restricted Capital, Endowment for Iowa's Health Account, Endowment for Iowa's Health Restricted Capitals Fund, Agrichemical Remediation Fund, Resources Enhancement and Protection Fund, Land Recycling Fund, Fish and Game Trust Fund, Conservation Administration Fund, Forestry Management Enhancement Fund, Water Quality Protection, National Pollutant Discharge Elimination System Permit, Workforce Development Withholding, Local Housing Assistance, Grow Iowa Values Fund, Renewable Fuel Infrastructure Fund, State Housing Trust Fund, Special Contingency Fund, School Infrastructure Fund, Stafford Loan Program, Gambling Treatment Program, Pharmaceutical Settlement Fund, Health Care Transformation Fund, Iowacare Fund, Health Care Trust, Primary Road Fund, State Aviation Fund and Court Technology and Modernization Fund). There is a perspective difference between budget and financial reporting due to the difference in fund structures. The budgetary presentation will vary from the financial presentation for funds displayed in the supplementary information due to this difference. The General Fund is displayed in the Required Supplementary Information (RSI) Budgetary Comparison Schedule. The major Special Revenue Funds, Tobacco Settlement Authority and Tobacco Collections Fund, do not have legally adopted budgets, therefore, they are not displayed. The nonmajor Special Revenue Funds are displayed with the combining financial statements and schedules for nonmajor funds. The nonmajor Special Revenue Funds are reported in the supplementary information section.

STATE OF IOWA

Required Supplementary Information

Notes to Required Supplementary Information – Budgetary Reporting

The beginning budgetary fund balance for the nonmajor Special Revenue Funds was restated to include the Court Technology and Modernization Fund and the State Housing Trust Fund. These funds were established in the prior year; however, fiscal year 2009 is the first year moneys were appropriated (budgeted) from the funds. These funds are classified as Special Revenue Funds for budgetary purposes. The following summarizes the change to the beginning budgetary fund balance for nonmajor Special Revenue Funds (expressed in thousands):

	Actual
July 1, 2008 budgetary fund balances	$ 629,684
Adjustment for:	
Court Technology and Modernization Fund	5,798
State Housing Trust Fund	4,408
Budgetary fund balances restated	$ 639,890

The original budget and related estimated revenues and expenditures represent the spending authority enacted into law by the appropriations bills as of July 1, 2008 and includes estimated approved budgetary carry-forwards from the prior fiscal year.

The final appropriations budget represents original and supplemental appropriations, actual budgetary carry-forwards, approved transfers, executive order reductions and timing differences.

The State's budget is prepared annually by the Governor on a modified cash basis, except for the accrual of county receivables, and is required to be submitted along with proposed appropriation bills to the General Assembly by the first of February prior to the new fiscal year. When an appropriation bill is passed by both houses of the General Assembly, the bill is enrolled and sent to the Governor. The Governor may sign it into law or veto it in whole or in part on a line item basis. Funds may be disbursed only after appropriations have been allotted by the Department of Management, subject to the review of the Governor, with the exception of standing unlimiteds and certain receipts that the Departments are authorized to expend. Appropriations are allotted for expenditure on a quarterly basis.

Departments may request revisions to quarterly allotments, appropriations transfers, or supplemental appropriations. The Department of Management approves revised allotments within an appropriation, subject to the Governor's review. The Governor and the Department of Management approve all appropriation transfers. The General Assembly and the Governor act on supplemental appropriation bills in a manner similar to original appropriations. Appropriations lapse at the fiscal year-end and all unencumbered or unobligated balances revert to the State treasury, unless otherwise provided.

The State utilizes encumbrance accounting for budgetary control purposes. Obligations incurred for goods or services that have not been received or rendered, are recorded to reserve that portion or the applicable fund balance. Section 8.33, unnumbered paragraph 2, of the Code of Iowa, states, "No payment of an obligation for goods or services shall be charged to an appropriation subsequent to the last day of the fiscal year for which the appropriation is made unless the goods or services are received on or before the last day of the fiscal year, except that repair projects, purchase of specialized equipment and furnishings, and other contracts for services and capital expenditures for the purchase of land or the erection of buildings or new construction or remodeling, which were committed and in progress prior to the end of the fiscal year are excluded from this provision." That is, except for the above stated exceptions, the State must have received the goods or services on or before June 30, creating an actual liability or the encumbrance is cancelled against that fiscal year. If the encumbrances are still valid after June 30, they become expenditures / expenses of the next fiscal year.

Budgetary control is essentially maintained at the department fund level except for certain grant and aid programs where control is maintained at a program level. Revenues and expenditures are monitored on a continuing basis. State law authorizes the Governor to impose across-the-board pro rata reductions in allotments to ensure revenues and other available funds are sufficient to pay expenses of a given fiscal year.

Separate reports for the General Fund and budgeted Special Revenue Funds presenting detail of the legal level of control and actual expenditures are available from the Department of Management.

STATE OF IOWA

Required Supplementary Information

Notes to Required Supplementary Information – Budgetary Reporting

GENERAL FUND EXPENDITURE LIMITATION

The Code of Iowa, section 8.54, establishes a state General Fund expenditure limitation of 99.0% of the adjusted revenue estimate. The adjusted revenue estimate is the appropriated revenue estimate for the General Fund for the following fiscal year as determined by the Revenue Estimating Conference, adjusted by subtracting estimated tax refunds payable from that estimated revenue and as determined by the Conference, adding any new revenues which may be considered to be eligible for deposit into the General Fund. "New revenues" mean moneys which are received by the State due to increased tax rates and fees or newly created taxes and fees over and above those moneys which are received due to state taxes and fees which are in effect as of January 1 following the December Revenue Estimating Conference. "New revenues" also includes moneys received by the General Fund of the State due to new transfers over and above those moneys received by the General Fund of the State due to transfers which are in effect as of January 1 following the December Revenue Estimating Conference. The Department of Management shall obtain concurrence from the Revenue Estimating Conference on the eligibility of transfers to the General Fund which are to be considered as new revenue in determining the General Fund expenditure limitation.

This limitation shall be used by the Governor in the preparation of the budget and by the General Assembly in the budget process. If a source for new revenues is proposed, the budget revenue projection used for that new revenue source for the period beginning on the effective date of the new revenue source and ending in the fiscal year in which the source is included in the revenue base shall be an amount determined by subtracting estimated tax refunds payable from the projected revenue from the new revenue source, multiplied by 95.0%. If a new revenue source is established and implemented, the original General Fund expenditure limitation amount shall be readjusted to include 95.0% of the estimated revenue from the new source.

For fiscal years in which the Iowa Economic Emergency Fund transfers money to the General Fund, the original General Fund expenditure limitation amount provided for shall be readjusted to include the moneys which are so transferred.

The scope of the expenditure limitation shall not encompass federal funds, donations, constitutionally dedicated moneys and moneys in expenditures from state retirement system moneys. The Governor shall submit and the General Assembly shall pass a budget that does not exceed the State General Fund expenditure limitation. The Governor in submitting the budget and the General Assembly in passing a budget shall not have the recurring expenditures in excess of recurring revenues. The Governor shall not submit and the General Assembly shall not pass a budget which in order to balance assumes reversion of a specific amount for the total of the appropriations included in the budget.

RESERVE FUNDS

The **Iowa Economic Emergency Fund** was created in Iowa Code section 8.55. The fund is separate from the General Fund of the State and the balance in the fund is not to be considered part of the balance of the General Fund of the State. The moneys in the fund do not revert to the General Fund, unless and to the extent the fund exceeds the maximum balance. The maximum balance of the fund is the amount equal to 2.5% of the adjusted revenue estimate for the fiscal year. If the amount of moneys in the Iowa Economic Emergency Fund is equal to the maximum balance, moneys in excess of this amount shall be transferred to the General Fund. The moneys in this fund may be appropriated by the General Assembly only in the fiscal year for which the appropriation is made. The moneys shall only be appropriated by the General Assembly for emergency expenditures. However, except as provided in section 8.58, the balance in the Iowa Economic Emergency Fund may be used in determining the cash position of the General Fund of the State for payment of state obligations. Interest or earnings on moneys deposited in the Iowa Economic Emergency Fund are credited to the Rebuild Iowa Infrastructure Fund.

On September 25, 2009, Governor Culver issued Executive Order 18, authorizing the transfer of $45.3 million from the Iowa Economic Emergency Fund to the General Fund as provided under Section 8.55 of the Code of Iowa. This action brought the General Fund into balance for fiscal year 2009.

STATE OF IOWA

Required Supplementary Information

Notes to Required Supplementary Information – Budgetary Reporting

The **Cash Reserve Fund** was created in Iowa Code section 8.56. The fund is separate from the General Fund of the State and is not to be considered part of the General Fund of the State except in determining the cash position of the State. The moneys in the Cash Reserve Fund cannot be transferred, used, obligated, appropriated or otherwise encumbered except as provided under Iowa Code section 8.56. Interest or earnings on moneys deposited in the Cash Reserve Fund are credited to the Rebuild Iowa Infrastructure Fund. Moneys in this fund may be used for cash flow purposes provided that any moneys so allocated are returned to the Cash Reserve Fund by the end of each fiscal year. The maximum balance of the fund is equal to 7.5% of the adjusted revenue estimated for the General Fund of the State for the current fiscal year. The moneys in this fund may only be appropriated by the General Assembly for nonrecurring emergency expenditures and shall not be appropriated for payment of any collective bargaining agreement or arbitrator's decision negotiated or awarded. The balance in the Cash Reserve Fund may be used in determining the cash position of the General Fund of the State for payment of state obligations. An appropriation shall not be made from the Cash Reserve Fund if the appropriation would cause the fund's balance to be less than 3.75% of the adjusted revenue estimate for the year for which the appropriation is made unless the bill or joint resolution is approved by vote of at least three-fifths of the members of both chambers of the General Assembly and is signed by the Governor. Also, the appropriation must be contained in a bill or joint resolution in which the appropriation is the only subject matter of the bill or joint resolution, and the bill or joint resolution states the reasons the appropriation is necessary.

STATE OF IOWA

Required Supplementary Information
Schedules of Funding Progress

(Expressed in Thousands)

PENSION PLANS

Peace Officers' Retirement, Accident and Disability System

Actuarial Valuation Date	Actuarial Value Of Assets	Actuarial Accrued Liability		Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL As A Percentage Of Covered Payroll
July 1, 2007	$ 293,375	$ 392,023	*	$ 98,648	74.84%	$ 37,268	264.70%
July 1, 2008	307,292	417,176	**	109,884	73.66%	40,830	269.13%
July 1, 2009	300,262	432,894		132,632	69.36%	41,862	316.83%

* This amount is based on the projected unit credit actuarial method. The aggregate actuarial cost method is used to determine the annual required contribution. This is provided for information purposes only.

** The annual required contribution is calculated using the aggregate actuarial cost method. Information for the July 1, 2008, actuarial valuation is calculated using the entry age actuarial cost method as a surrogate for the funding progress of the plan.

Judicial Retirement System

Actuarial Valuation Date	Actuarial Value Of Assets	Actuarial Accrued Liability		Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL As A Percentage Of Covered Payroll
July 1, 2007	$ 96,613	$ 138,662	*	$ 42,049	69.68%	$ 24,426	172.15%
July 1, 2008	88,198	141,364	**	53,167	63.10%	26,663	199.40%
July 1, 2009	93,045	151,029		57,984	61.61%	26,811	216.27%

* This amount is based on the projected unit credit actuarial method. This actuarial method was also used to calculate the annual required contribution until the July 1, 2008 actuarial valuation.

** Beginning with the July 1, 2008 actuarial valuation, the entry age actuarial cost method is used to calculate the actuarial accrued liability and the annual required contribution.

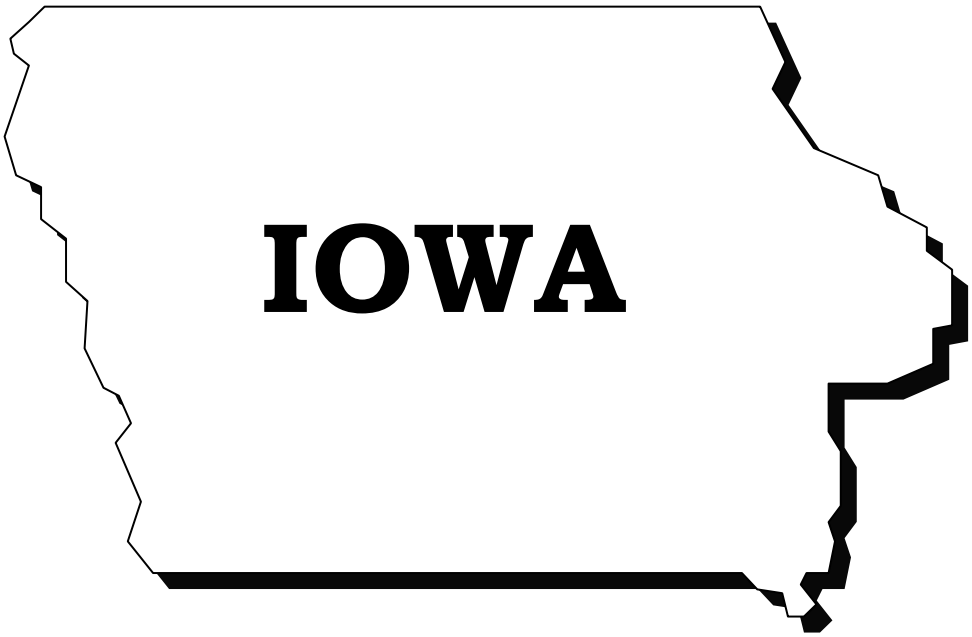
OTHER POSTEMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value Of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL As A Percentage Of Covered Payroll
***State Plan** *						
July 1, 2008	$ -	$ 219,628	$ 219,628	0.00%	$ 1,152,000	19.06%
July 1, 2009	$ -	$ 293,481	$ 293,481	0.00%	$ 1,561,799	18.79%
***University Funds** **						
July 1, 2008	$ -	$ 184,734	$ 184,734	0.00%	$ 1,160,401	15.92%
July 1, 2009	-	201,800	201,800	0.00%	1,228,000	16.43%

* The entry age actuarial cost method is used to calculate the actuarial accrued liability and the annual required contribution.

** The projected unit credit method is used to calculate the actuarial accrued liability and the annual required contribution.

Pension Trust funds and Other Postemployment Benefits are discussed in detail in the Notes to the Financial Statements (see NOTE 16 - PENSION PLANS and NOTE 17 - OTHER POSTEMPLOYEMENT BENEFITS).


IOWA

SUPPLEMENTARY INFORMATION

STATE OF IOWA

Combining Balance Sheet
Nonmajor Governmental Funds - By Fund Type

June 30, 2009
(Expressed in Thousands)

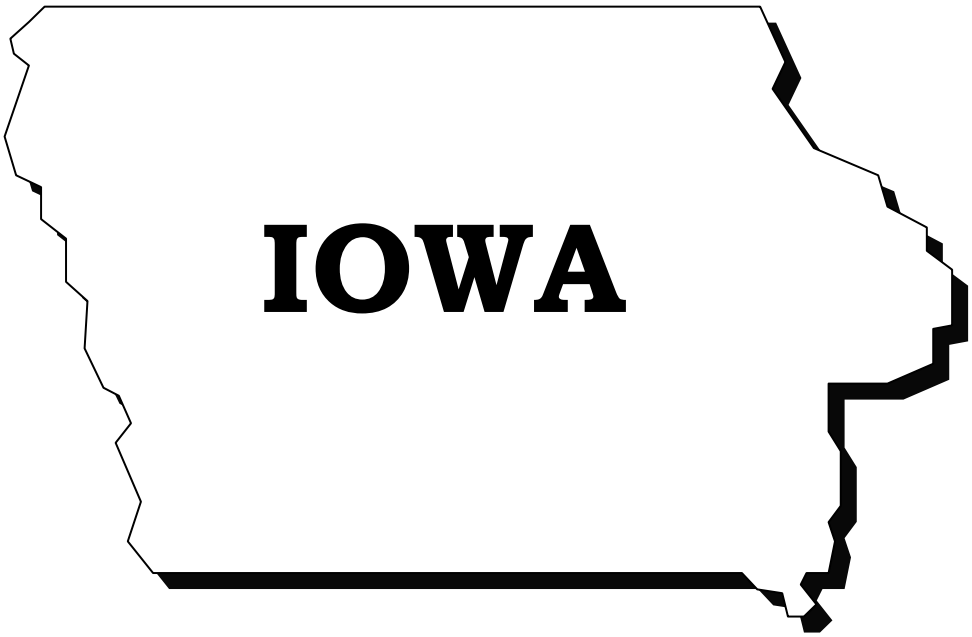
	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Current assets:				
Cash & investments	$ 119,534	$ 62,176	$ 21,519	$ 203,229
Deposits with trustees	2,364	827	-	3,191
Accounts receivable (net)	5,519	4,344	291	10,154
Loans receivable (net)	422	-	-	422
Due from other funds	4,835	1,380	497	6,712
Inventory	124	-	-	124
Prepaid expenditures	34	-	-	34
Total current assets	132,832	68,727	22,307	223,866
Noncurrent assets:				
Accounts receivable (net)	322	-	-	322
Loans receivable (net)	3,258	-	-	3,258
Due from other funds/ advances to other funds	28,000	-	-	28,000
Total noncurrent assets	31,580	-	-	31,580
TOTAL ASSETS	**$ 164,412**	**$ 68,727**	**$ 22,307**	**$ 255,446**
LIABILITIES				
Current liabilities:				
Accounts payable & accruals	$ 9,672	$ 13,398	$ 33	$ 23,103
Due to other funds	25,105	146	-	25,251
Deferred revenue	1,706	2,766	282	4,754
TOTAL LIABILITIES	**36,483**	**16,310**	**315**	**53,108**
FUND BALANCES				
Reserved for:				
Inventory & prepaid expenditures	158	-	-	158
Noncurrent receivables	31,580	-	-	31,580
Specific purposes	63,780	-	21,992	85,772
Unreserved fund equity	32,411	52,417	-	84,828
TOTAL FUND BALANCES	**127,929**	**52,417**	**21,992**	**202,338**
TOTAL LIABILITIES & FUND BALANCES	**$ 164,412**	**$ 68,727**	**$ 22,307**	**$ 255,446**

STATE OF IOWA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds - By Fund Type

For the Year Ended June 30, 2009
(Expressed in Thousands)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Receipts from other entities	$ 55,854	$ 12,451	$ -	$ 68,305
Investment income (loss)	1,328	1,883	(313)	2,898
Fees, licenses & permits	3,566	-	-	3,566
Refunds & reimbursements	30,652	6	10	30,668
Sales, rents & services	4,602	-	-	4,602
Miscellaneous	8,114	-	1	8,115
Contributions	-	-	1,008	1,008
GROSS REVENUES	**104,116**	**14,340**	**706**	**119,162**
Less revenue refunds	2,996	-	-	2,996
NET REVENUES	**101,120**	**14,340**	**706**	**116,166**
EXPENDITURES				
Current:				
Administration & regulation	2,182	30	-	2,212
Education	89,569	688	-	90,257
Health & human rights	9,157	4,567	472	14,196
Human services	179	-	-	179
Justice & public defense	3,356	76	-	3,432
Economic development	2,012	-	-	2,012
Transportation	-	547	-	547
Agriculture & natural resources	3,424	7,436	-	10,860
Capital outlay:				
Administration & regulation	-	1,419	-	1,419
Education	312	-	-	312
Health & human rights	946	4,393	-	5,339
Human services	-	4,790	-	4,790
Justice & public defense	88	10,097	-	10,185
Transportation	-	661	-	661
Agriculture & natural resources	2,389	9,689	-	12,078
Debt service:				
Principal	-	5,875	-	5,875
Interest	1,507	2,527	-	4,034
TOTAL EXPENDITURES	**115,121**	**52,795**	**472**	**168,388**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(14,001)**	**(38,455)**	**234**	**(52,222)**
OTHER FINANCING SOURCES (USES)				
Transfers in	162,080	21,578	4,149	187,807
Transfers out	(208,937)	(13,374)	(952)	(223,263)
TOTAL OTHER FINANCING SOURCES (USES)	**(46,857)**	**8,204**	**3,197**	**(35,456)**
NET CHANGE IN FUND BALANCES	**(60,858)**	**(30,251)**	**3,431**	**(87,678)**
FUND BALANCES - JULY 1	**188,787**	**82,668**	**18,561**	**290,016**
FUND BALANCES - JUNE 30	**$ 127,929**	**$ 52,417**	**$ 21,992**	**$ 202,338**


IOWA

COMBINING FINANCIAL STATEMENTS

Nonmajor Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Endowment for Iowa's Health Fund receives tobacco settlement money to be used for health related expenses.

Honey Creek Authority accounts for bond proceeds issued for the development of Honey Creek Park. The bonds are to be repaid from net revenues of the park.

Federal Student Loan Reserve receives default fees, interest and overpayments and repurchase of claim payments to be used for payment of default claims to lenders and default aversion fees.

Iowa Public Television Foundation is a non-profit corporation that solicits and manages gifts of money and property for Iowa Public Television.

Other Special Revenue Funds are aggregated for reporting purposes and account for various other revenues which must be used for specific purposes.

STATE OF IOWA

Combining Balance Sheet
Nonmajor Special Revenue Funds

June 30, 2009
(Expressed in Thousands)

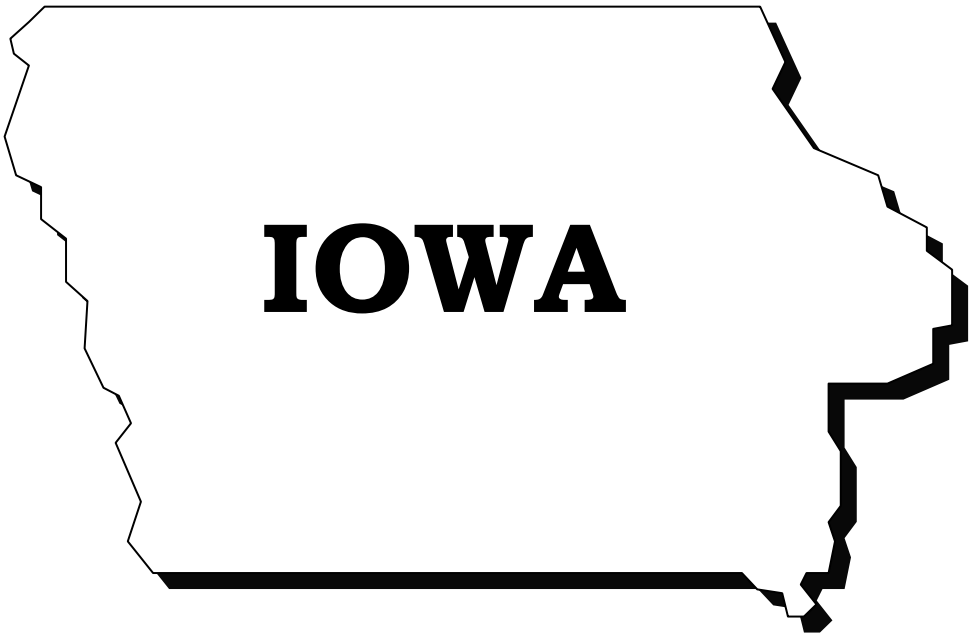
	ENDOWMENT FOR IOWA'S HEALTH FUND	HONEY CREEK AUTHORITY	FEDERAL STUDENT LOAN RESERVE	IOWA PUBLIC TELEVISION FOUNDATION	OTHER	TOTAL
ASSETS						
Current assets:						
Cash & investments	$ 20,022	$ -	$ 24,524	$ 4,602	$ 70,386	$ 119,534
Deposits with trustees	-	2,364	-	-	-	2,364
Accounts receivable (net)	20	10	509	1,231	3,749	5,519
Loans receivable (net)	-	-	-	-	422	422
Due from other funds	8	-	2,521	-	2,306	4,835
Inventory	-	-	-	41	83	124
Prepaid expenditures	-	-	-	34	-	34
Total current assets	20,050	2,374	27,554	5,908	76,946	132,832
Noncurrent assets:						
Accounts receivable (net)	-	-	-	322	-	322
Loans receivable (net)	-	-	-	-	3,258	3,258
Due from other funds/ Advances to other funds	-	28,000	-	-	-	28,000
Total noncurrent assets	-	28,000	-	322	3,258	31,580
TOTAL ASSETS	**$ 20,050**	**$ 30,374**	**$ 27,554**	**$ 6,230**	**$ 80,204**	**$ 164,412**
LIABILITIES						
Current liabilities:						
Accounts payable & accruals	$ -	$ -	$ 1,270	$ 261	$ 8,141	$ 9,672
Due to other funds	20,030	-	914	236	3,925	25,105
Deferred revenue	-	-	-	1,265	441	1,706
TOTAL LIABILITIES	**20,030**	**-**	**2,184**	**1,762**	**12,507**	**36,483**
FUND BALANCES						
Reserved for:						
Inventory & prepaid expenditures	-	-	-	75	83	158
Noncurrent receivables	-	28,000	-	322	3,258	31,580
Specific purposes	20	2,374	25,370	1,540	34,476	63,780
Unreserved fund equity	-	-	-	2,531	29,880	32,411
TOTAL FUND BALANCES	**20**	**30,374**	**25,370**	**4,468**	**67,697**	**127,929**
TOTAL LIABILITIES & FUND BALANCES	**$ 20,050**	**$ 30,374**	**$ 27,554**	**$ 6,230**	**$ 80,204**	**$ 164,412**

STATE OF IOWA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds

For the Year Ended June 30, 2009
(Expressed in Thousands)

	ENDOWMENT FOR IOWA'S HEALTH FUND	HONEY CREEK AUTHORITY	FEDERAL STUDENT LOAN RESERVE	IOWA PUBLIC TELEVISION FOUNDATION	OTHER	TOTAL
REVENUES						
Receipts from other entities	$ -	$ -	$ 47,295	$ -	$ 8,559	$ 55,854
Investment income (loss)	492	122	496	(1,255)	1,473	1,328
Fees, licenses & permits	-	-	-	-	3,566	3,566
Refunds & reimbursements	3,060	-	23,200	-	4,392	30,652
Sales, rents & services	-	-	-	-	4,602	4,602
Miscellaneous	-	-	-	7,332	782	8,114
GROSS REVENUES	**3,552**	**122**	**70,991**	**6,077**	**23,374**	**104,116**
Less revenue refunds	-	-	841	-	2,155	2,996
NET REVENUES	**3,552**	**122**	**70,150**	**6,077**	**21,219**	**101,120**
EXPENDITURES						
Current:						
Administration & regulation	-	-	-	-	2,182	2,182
Education	-	-	70,362	3,237	15,970	89,569
Health & human rights	-	-	-	-	9,157	9,157
Human services	-	-	-	-	179	179
Justice & public defense	-	-	-	-	3,356	3,356
Economic development	-	-	-	-	2,012	2,012
Agriculture & natural resources	-	2	-	-	3,422	3,424
Capital outlay:						
Education	-	-	-	-	312	312
Health & human rights	-	-	-	-	946	946
Justice & public defense	-	-	-	-	88	88
Agriculture & natural resources	-	-	-	-	2,389	2,389
Debt service:						
Interest	-	1,507	-	-	-	1,507
TOTAL EXPENDITURES	**-**	**1,509**	**70,362**	**3,237**	**40,013**	**115,121**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**3,552**	**(1,387)**	**(212)**	**2,840**	**(18,794)**	**(14,001)**
OTHER FINANCING SOURCES (USES)						
Transfers in	17,943	706	7,730	-	135,701	162,080
Transfers out	(60,832)	-	(4,828)	(4,283)	(138,994)	(208,937)
TOTAL OTHER FINANCING SOURCES (USES)	**(42,889)**	**706**	**2,902**	**(4,283)**	**(3,293)**	**(46,857)**
NET CHANGE IN FUND BALANCES	**(39,337)**	**(681)**	**2,690**	**(1,443)**	**(22,087)**	**(60,858)**
FUND BALANCES - JULY 1	**39,357**	**31,055**	**22,680**	**5,911**	**89,784**	**188,787**
FUND BALANCES - JUNE 30	**$ 20**	**$ 30,374**	**$ 25,370**	**$ 4,468**	**$ 67,697**	**$ 127,929**


IOWA

STATE OF IOWA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2009
(Expressed in Thousands)

	PRIMARY ROAD FUND				PROPERTY TAX CREDIT FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
APPROPRIATED REVENUE:								
Transfers	$ 524,400	$ 524,400	$ 524,988	$ 588	$ 158,187	$ 158,187	$ 153,314	$ (4,873)
RECEIPTS CREDITED TO APPROPRIATIONS:								
Use tax	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Wagering tax receipts	-	-	-	-	-	-	-	-
Individual income tax quarterly	-	-	-	-	-	-	-	-
Sales tax - DOT	5	5	3	(2)	-	-	-	-
Federal support	188,247	188,247	371,323	183,076	-	-	-	-
Local governments	4,600	4,600	7,711	3,111	-	-	-	-
Other states	75	75	24,801	24,726	-	-	-	-
Reimbursements from other agencies	160	160	(1,333)	(1,493)	-	-	-	-
Interest	1	2	1	(1)	-	-	-	-
Bonds & loans	-	2	6,817	6,815	-	-	-	-
Fees, licenses & permits	860	860	1,651	791	-	-	-	-
Refunds & reimbursements	4,010	4,008	35	(3,973)	-	-	-	-
Sale of real estate	1,710	1,710	2,957	1,247	-	-	-	-
Sale of equipment & salvage	-	-	-	-	-	-	-	-
Rents & leases	16	16	23	7	-	-	-	-
Agricultural sales	-	-	-	-	-	-	-	-
Other sales & services	-	-	-	-	-	-	-	-
Unearned receipts	-	-	-	-	-	-	-	-
Income tax checkoffs	-	-	-	-	-	-	-	-
Other	2,750	2,756	4,926	2,170	-	-	-	-
TOTAL APPROPRIATED RECEIPTS	**202,434**	**202,441**	**418,915**	**216,474**	**-**	**-**	**-**	**-**
TOTAL REVENUES AVAILABLE	**726,834**	**726,841**	**943,903**	**217,062**	**158,187**	**158,187**	**153,314**	**(4,873)**
EXPENDITURES:								
Administration & regulation	-	-	-	-	159,619	159,619	155,467	4,152
Agriculture & natural resources	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Health & human services	-	-	-	-	-	-	-	-
Transportation	439,625	446,608	632,038	(185,430) *	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	**439,625**	**446,608**	**632,038**	**(185,430)**	**159,619**	**159,619**	**155,467**	**4,152**
TRANSFERS	**283,221**	**290,098**	**293,430**	**(3,332)**	**250**	**250**	**150**	**100**
TOTAL EXPENDITURES & TRANSFERS	**722,846**	**736,706**	**925,468**	**(188,762)**	**159,869**	**159,869**	**155,617**	**4,252**
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES & TRANSFERS	**3,988**	**(9,865)**	**18,435**	**28,300**	**(1,682)**	**(1,682)**	**(2,303)**	**(621)**
FUND BALANCES - JULY 1 (BUDGETARY - RESTATED)	**122,341**	**219,957**	**219,957**	**-**	**1,682**	**6,137**	**6,137**	**-**
FUND BALANCES - JUNE 30 (BUDGETARY)	**$ 126,329**	**$ 210,092**	**$ 238,392**	**$ 28,300**	**$ -**	**$ 4,455**	**$ 3,834**	**$ (621)**

(continued on next page)

STATE OF IOWA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2009
(Expressed in Thousands)
(continued)

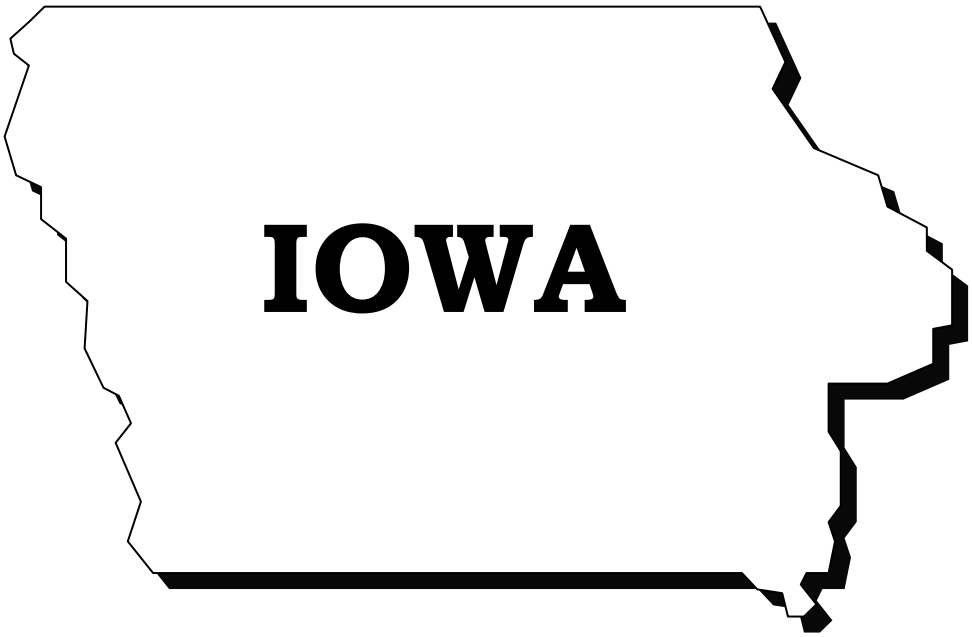
	IOWACARE FUND				GROW IOWA VALUES FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
APPROPRIATED REVENUE:								
Transfers	$ 7,569	$ 7,569	$ -	$ (7,569)	$ 54,800	$ 54,656	$ 45,505	$ (9,151)
RECEIPTS CREDITED TO APPROPRIATIONS:								
Use tax	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Wagering tax receipts	-	-	-	-	-	-	-	-
Individual income tax quarterly	-	-	-	-	-	-	-	-
Sales tax - DOT	-	-	-	-	-	-	-	-
Federal support	68,798	68,898	76,040	7,142	-	-	-	-
Local governments	34,000	34,000	38,000	4,000	-	-	-	-
Other states	-	-	-	-	-	-	-	-
Reimbursements from other agencies	-	-	-	-	-	-	-	-
Interest	350	350	158	(192)	200	200	1,755	1,555
Bonds & loans	-	-	-	-	200	94	1,858	1,764
Fees, licenses & permits	-	-	-	-	-	-	-	-
Refunds & reimbursements	-	-	-	-	-	128	-	(128)
Sale of real estate	-	-	-	-	-	-	-	-
Sale of equipment & salvage	-	-	-	-	-	-	-	-
Rents & leases	-	-	-	-	-	-	-	-
Agricultural sales	-	-	-	-	-	-	-	-
Other sales & services	-	-	-	-	-	-	-	-
Unearned receipts	-	-	-	-	-	-	-	-
Income tax checkoffs	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	16	144	128
TOTAL APPROPRIATED RECEIPTS	**103,148**	**103,248**	**114,198**	**10,950**	**400**	**438**	**3,757**	**3,319**
TOTAL REVENUES AVAILABLE	**110,717**	**110,817**	**114,198**	**3,381**	**55,200**	**55,094**	**49,262**	**(5,832)**
EXPENDITURES:								
Administration & regulation	-	-	-	-	-	-	-	-
Agriculture & natural resources	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	12,999	13,312	12,336	976
Education	-	-	-	-	-	-	-	-
Health & human services	49,000	55,000	52,967	2,033	-	-	-	-
Transportation	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	**49,000**	**55,000**	**52,967**	**2,033**	**12,999**	**13,312**	**12,336**	**976**
TRANSFERS	**63,254**	**66,064**	**57,704**	**8,360**	**51,000**	**41,351**	**28,730**	**12,621**
TOTAL EXPENDITURES & TRANSFERS	**112,254**	**121,064**	**110,671**	**10,393**	**63,999**	**54,663**	**41,066**	**13,597**
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES & TRANSFERS	**(1,537)**	**(10,247)**	**3,527**	**13,774**	**(8,799)**	**431**	**8,196**	**7,765**
FUND BALANCES - JULY 1 (BUDGETARY - RESTATED)	**200**	**1,324**	**1,324**	**-**	**-**	**75,688**	**75,688**	**-**
FUND BALANCES - JUNE 30 (BUDGETARY)	**$ (1,337)**	**$ (8,923)**	**$ 4,851**	**$ 13,774**	**$ (8,799)**	**$ 76,119**	**$ 83,884**	**$ 7,765**

(continued on next page)

STATE OF IOWA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Budgetary Basis
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2009
(Expressed in Thousands)
(continued)

	OTHER				TOTAL			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FINAL TO ACTUAL
APPROPRIATED REVENUE:								
Transfers	$ 278,287	$ 283,570	$ 270,479	$ (13,091)	$ 1,023,243	$ 1,028,382	$ 994,286	$ (34,096)
RECEIPTS CREDITED TO APPROPRIATIONS:								
Use tax	1,543	-	-	-	1,543	-	-	-
Other taxes	7,246	3,880	1,791	(2,089)	7,246	3,880	1,791	(2,089)
Wagering tax receipts	9,868	9,868	9,666	(202)	9,868	9,868	9,666	(202)
Individual income tax quarterly	4,000	4,000	4,000	-	4,000	4,000	4,000	-
Sales tax - DOT	-	-	-	-	5	5	3	(2)
Federal support	21,132	64,546	67,440	2,894	278,177	321,691	514,803	193,112
Local governments	1,029	1,140	1,195	55	39,629	39,740	46,906	7,166
Other states	-	-	-	-	75	75	24,801	24,726
Reimbursements from other agencies	1,101	1,101	5,096	3,995	1,261	1,261	3,763	2,502
Interest	9,464	10,474	6,798	(3,676)	10,015	11,026	8,712	(2,314)
Bonds & loans	-	445	589	144	200	541	9,264	8,723
Fees, licenses & permits	34,875	34,615	31,475	(3,140)	35,735	35,475	33,126	(2,349)
Refunds & reimbursements	3,608	4,839	36,240	31,401	7,618	8,975	36,275	27,300
Sale of real estate	-	-	-	-	1,710	1,710	2,957	1,247
Sale of equipment & salvage	20	20	21	1	20	20	21	1
Rents & leases	5	5	218	213	21	21	241	220
Agricultural sales	10	10	-	(10)	10	10	-	(10)
Other sales & services	1,866	1,866	2,427	561	1,866	1,866	2,427	561
Unearned receipts	311	311	299	(12)	311	311	299	(12)
Income tax checkoffs	150	150	112	(38)	150	150	112	(38)
Other	728	773	495	(278)	3,478	3,545	5,565	2,020
TOTAL APPROPRIATED RECEIPTS	**96,956**	**138,043**	**167,862**	**29,819**	**402,938**	**444,170**	**704,732**	**260,562**
TOTAL REVENUES AVAILABLE	**375,243**	**421,613**	**438,341**	**16,728**	**1,426,181**	**1,472,552**	**1,699,018**	**226,466**
EXPENDITURES:								
Administration & regulation	76,355	311,774	138,315	173,459	235,974	471,393	293,782	177,611
Agriculture & natural resources	26,560	26,560	26,674	(114) *	26,560	26,560	26,674	(114) *
Economic development	25,713	25,329	21,992	3,337	38,712	38,641	34,328	4,313
Education	20,858	23,586	17,186	6,400	20,858	23,586	17,186	6,400
Health & human services	21,132	23,045	15,904	7,141	70,132	78,045	68,871	9,174
Transportation	-	3	2,441	(2,438) *	439,625	446,611	634,479	(187,868) *
Judicial	1,968	993	556	437	1,968	993	556	437
TOTAL EXPENDITURES	**172,586**	**411,290**	**223,068**	**188,222**	**833,829**	**1,085,829**	**1,075,876**	**9,953**
TRANSFERS	**281,227**	**338,070**	**325,281**	**12,789**	**678,952**	**735,833**	**705,295**	**30,538**
TOTAL EXPENDITURES & TRANSFERS	**453,813**	**749,360**	**548,349**	**201,011**	**1,512,781**	**1,821,662**	**1,781,171**	**40,491**
REVENUES AVAILABLE OVER (UNDER) EXPENDITURES & TRANSFERS	**(78,570)**	**(327,747)**	**(110,008)**	**217,739**	**(86,600)**	**(349,110)**	**(82,153)**	**266,957**
FUND BALANCES - JULY 1 (BUDGETARY - RESTATED)	**147,655**	**336,784**	**336,784**	**-**	**271,878**	**639,890**	**639,890**	**-**
FUND BALANCES - JUNE 30 (BUDGETARY)	**$ 69,085**	**$ 9,037**	**$ 226,776**	**$ 217,739**	**$ 185,278**	**$ 290,780**	**$ 557,737**	**$ 266,957**

* Actual expenditures in the Special Revenue Funds exceeded budgeted expenditures as a result of the receipt and legal expenditure of other non-state funds which have been received for restricted purposes. This occurred in the Primary Road Fund and State Aviation Fund in the Transportation function; and the Resource Enhancement and Protection (REAP) Fund and the Fish and Game Trust Fund in the Agriculture & Natural Resources function.


IOWA

COMBINING FINANCIAL STATEMENTS

Nonmajor Capital Projects Funds

Capital Projects Funds are used to account for the construction of major capital facilities other than those financed by proprietary funds and trust funds.

General Services Capitals Fund is used to account for various building projects.

Endowment for Iowa's Health Restricted Capitals Fund receives the tax-exempt portion of the Tobacco Settlement Authority's refunding of the tobacco bonds for capital project expenditures as allowed in the tax certificate of the refinancing.

Marine Fuel Tax Capitals Fund is used to account for the acquisition of water access, development projects, water safety stations, marinas and any other project which improves water recreation.

Fish & Game Capitals Fund is used to account for land acquisition and capital projects related to fish and wildlife.

Other Capital Projects Funds are aggregated for reporting purposes and account for construction of various armories, prison expansion programs and other specific projects.

STATE OF IOWA

Combining Balance Sheet
Nonmajor Capital Projects Funds

June 30, 2009
(Expressed in Thousands)

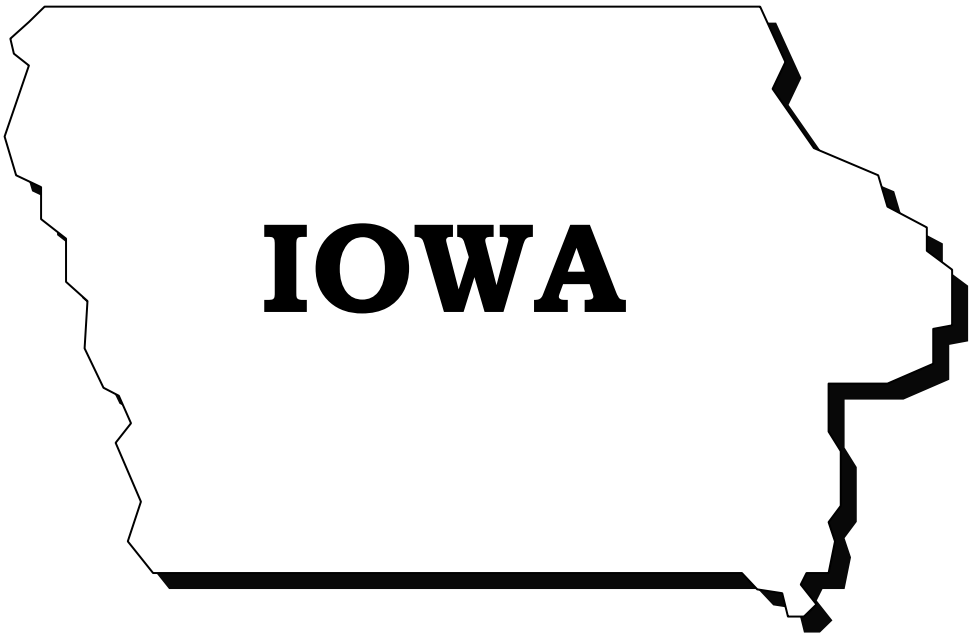
	GENERAL SERVICES CAPITALS FUND	ENDOWMENT FOR IOWA'S HEALTH RESTRICTED CAPITALS FUND	MARINE FUEL TAX CAPITALS FUND	FISH & GAME CAPITALS FUND	OTHER	TOTAL
ASSETS						
Current assets:						
Cash & investments	$ 3,260	$ 49,271	$ 2,530	$ 379	$ 6,736	$ 62,176
Deposits with trustees	-	-	-	-	827	827
Accounts receivable	4	2,921	358	-	1,061	4,344
Due from other funds	423	14	243	700	-	1,380
TOTAL ASSETS	**$ 3,687**	**$ 52,206**	**$ 3,131**	**$ 1,079**	**$ 8,624**	**$ 68,727**
LIABILITIES						
Current liabilities:						
Accounts payable & accruals	$ 2,029	$ 2,353	$ 200	$ 995	$ 7,821	$ 13,398
Due to other funds	56	14	74	2	-	146
Deferred revenue	-	2,766	-	-	-	2,766
TOTAL LIABILITIES	**2,085**	**5,133**	**274**	**997**	**7,821**	**16,310**
FUND BALANCES						
Unreserved fund equity	1,602	47,073	2,857	82	803	52,417
TOTAL LIABILITIES & FUND BALANCES	**$ 3,687**	**$ 52,206**	**$ 3,131**	**$ 1,079**	**$ 8,624**	**$ 68,727**

STATE OF IOWA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds

For the Year Ended June 30, 2009
(Expressed in Thousands)

	GENERAL SERVICES CAPITALS FUND	ENDOWMENT FOR IOWA'S HEALTH RESTRICTED CAPITALS FUND	MARINE FUEL TAX CAPITALS FUND	FISH & GAME CAPITALS FUND	OTHER	TOTAL
REVENUES						
Receipts from other entities	$ 7,892	$ 1	$ 773	$ -	$ 3,785	$ 12,451
Investment income	-	1,548	-	-	335	1,883
Refunds & reimbursements	-	-	6	-	-	6
TOTAL REVENUES	**7,892**	**1,549**	**779**	**-**	**4,120**	**14,340**
EXPENDITURES						
Current:						
Administration & regulation	-	-	-	-	30	30
Education	-	688	-	-	-	688
Health & human rights	-	4,567	-	-	-	4,567
Justice & public defense	-	75	-	-	1	76
Transportation	-	547	-	-	-	547
Agriculture & natural resources	-	782	363	6,291	-	7,436
Capital outlay:						
Administration & regulation	975	444	-	-	-	1,419
Health & human rights	3,840	553	-	-	-	4,393
Human services	-	4,790	-	-	-	4,790
Justice & public defense	2,235	3,998	-	-	3,864	10,097
Transportation	-	661	-	-	-	661
Agriculture & natural resources	-	2,803	1,854	5,032	-	9,689
Debt service:						
Principal	-	-	-	-	5,875	5,875
Interest	-	-	-	-	2,527	2,527
TOTAL EXPENDITURES	**7,050**	**19,908**	**2,217**	**11,323**	**12,297**	**52,795**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**842**	**(18,359)**	**(1,438)**	**(11,323)**	**(8,177)**	**(38,455)**
OTHER FINANCING SOURCES (USES)						
Transfers in	499	-	2,745	9,900	8,434	21,578
Transfers out	-	(13,124)	(250)	-	-	(13,374)
TOTAL OTHER FINANCING SOURCES (USES)	**499**	**(13,124)**	**2,495**	**9,900**	**8,434**	**8,204**
NET CHANGE IN FUND BALANCES	**1,341**	**(31,483)**	**1,057**	**(1,423)**	**257**	**(30,251)**
FUND BALANCES - JULY 1	**261**	**78,556**	**1,800**	**1,505**	**546**	**82,668**
FUND BALANCES - JUNE 30	**$ 1,602**	**$ 47,073**	**$ 2,857**	**$ 82**	**$ 803**	**$ 52,417**


IOWA

COMBINING FINANCIAL STATEMENTS

Nonmajor Permanent Funds

Permanent Funds report resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the government or its citizens.

Iowa Cultural Trust Fund accounts for assets held for the Iowa Cultural Trust. The principal is preserved and applicable interest is transferred to the Cultural Grant Fund to be used for purposes consistent with the Trust.

Iowa Veterans Trust Fund accounts for assets held for the benefit of veterans. The principal is maintained and the applicable interest is transferred to the Veterans Affairs Commission to be used for purposes consistent with the Trust. New legislation amended the fund to allow a portion of the principal to be transferred out of the fund to establish the veteran's cemetery.

Iowa Public Television Foundation Endowment is used to hold a restricted gift made to Iowa Pubic Television. While the corpus of the gift is not available to spend, the earnings of the gift are restricted for the acquisition and/or production of quality family programming. Earnings are transferred to the Iowa Public Television Foundation.

Permanent School Principal Fund accounts for the principal derived from the sale of specific land. The interest is to be used for educational purposes.

Other Permanent Funds aggregates the Henry Albert Trust Fund which accounts for trust money for the Department of Public Health and the Pilot Grove Trust Fund which accounts for a $10,000 donation in support and maintenance of the Pilot Grove area.

STATE OF IOWA

Combining Balance Sheet
Nonmajor Permanent Funds

June 30, 2009
(Expressed in Thousands)

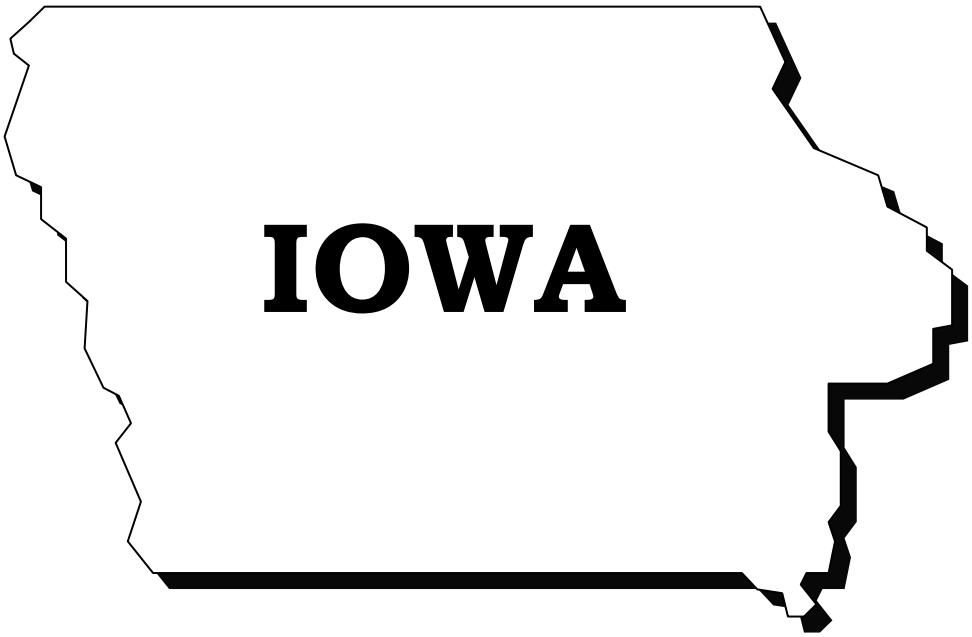
	IOWA CULTURAL TRUST FUND	IOWA VETERANS TRUST FUND	IOWA PUBLIC TELEVISION FOUNDATION ENDOWMENT	PERMANENT SCHOOL PRINCIPAL FUND	OTHER	TOTAL
ASSETS						
Current assets:						
Cash & investments	$ 4,276	$ 7,710	$ 1,548	$ 7,974	$ 11	$ 21,519
Accounts receivable	-	291	-	-	-	291
Due from other funds	-	497	-	-	-	497
TOTAL ASSETS	**$ 4,276**	**$ 8,498**	**$ 1,548**	**$ 7,974**	**$ 11**	**$ 22,307**
LIABILITIES						
Current liabilities:						
Accounts payable & accruals	$ -	$ 33	$ -	$ -	$ -	$ 33
Deferred revenue	-	282	-	-	-	282
TOTAL LIABILITIES	**-**	**315**	**-**	**-**	**-**	**315**
FUND BALANCES						
Reserved for specific purposes	4,276	8,183	1,548	7,974	11	21,992
TOTAL LIABILITIES & FUND BALANCES	**$ 4,276**	**$ 8,498**	**$ 1,548**	**$ 7,974**	**$ 11**	**$ 22,307**

STATE OF IOWA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Permanent Funds

For the Year Ended June 30, 2009
(Expressed in Thousands)

	IOWA CULTURAL TRUST FUND	IOWA VETERANS TRUST FUND	IOWA PUBLIC TELEVISION FOUNDATION ENDOWMENT	PERMANENT SCHOOL PRINCIPAL FUND	OTHER	TOTAL
REVENUES						
Investment income (loss)	$ -	$ 184	$ (497)	$ -	$ -	$ (313)
Refunds & reimbursements	-	10	-	-	-	10
Miscellaneous	-	1	-	-	-	1
Contributions	-	1,008	-	-	-	1,008
TOTAL REVENUES	**-**	**1,203**	**(497)**	**-**	**-**	**706**
EXPENDITURES						
Current:						
Health & human rights	-	472	-	-	-	472
TOTAL EXPENDITURES	**-**	**472**	**-**	**-**	**-**	**472**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**-**	**731**	**(497)**	**-**	**-**	**234**
OTHER FINANCING SOURCES (USES)						
Transfers in	800	2,852	497	-	-	4,149
Transfers out	-	(952)	-	-	-	(952)
TOTAL OTHER FINANCING SOURCES	**800**	**1,900**	**497**	**-**	**-**	**3,197**
NET CHANGE IN FUND BALANCES	**800**	**2,631**	**-**	**-**	**-**	**3,431**
FUND BALANCES - JULY 1	**3,476**	**5,552**	**1,548**	**7,974**	**11**	**18,561**
FUND BALANCES - JUNE 30	**$ 4,276**	**$ 8,183**	**$ 1,548**	**$ 7,974**	**$ 11**	**$ 21,992**


IOWA

COMBINING FINANCIAL STATEMENTS

Nonmajor Enterprise Funds

Enterprise Funds account for activities for which fees are charged to external users for goods and services. This fund type is also used when the activity is financed with debt that is secured with fees and charges, as well as when the pricing policy of the activity is designated to recover its costs.

Iowa Communications Network accounts for a statewide telecommunications system and its related revenues and expenses.

Iowa Lottery Authority is used to account for lottery revenues, administrative and operating expenses of the Lottery Authority and the distribution of revenue to the General Fund.

Honey Creek Park is used to account for development of the destination park and park operations.

Liquor Control Act is used to account for the revenues and expenses related to the sale of alcoholic beverages.

Other Enterprise Funds are aggregated for reporting purposes and account for other miscellaneous activities that meet the definition of Enterprise Funds.

STATE OF IOWA

Combining Statement of Net Assets
Nonmajor Enterprise Funds

June 30, 2009
(Expressed in Thousands)

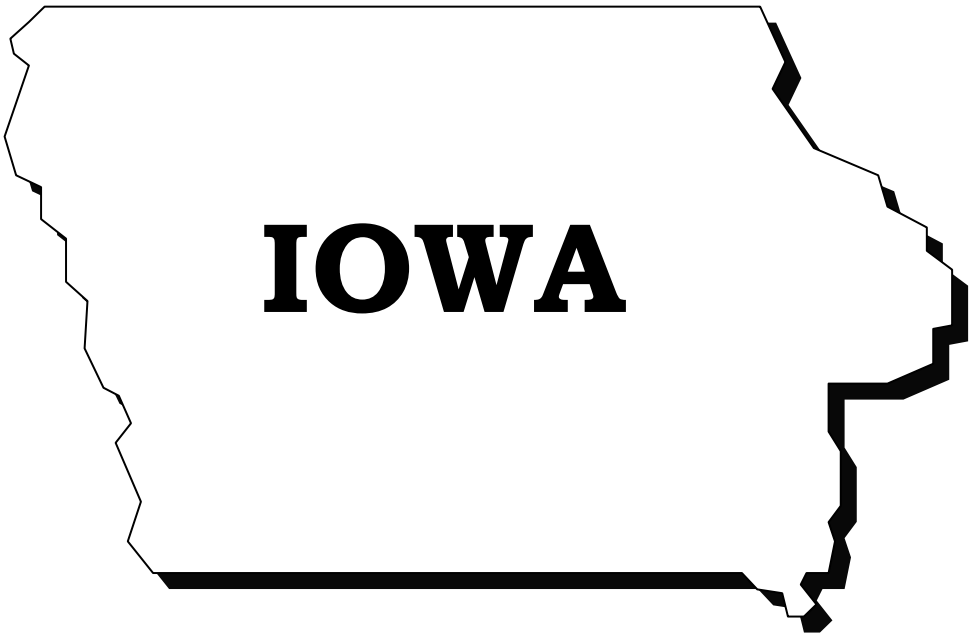
	IOWA COMMUNICATIONS NETWORK	IOWA LOTTERY AUTHORITY	HONEY CREEK PARK	LIQUOR CONTROL ACT	OTHER	TOTAL
ASSETS						
Current assets:						
Cash & investments	$ 13,066	$ 19,215	$ 504	$ 6,201	$ 5,159	$ 44,145
Accounts receivable (net)	7,181	3,294	77	4,727	1,986	17,265
Interest receivable	40	34	-	-	-	74
Due from other funds	-	-	2	-	16	18
Inventory	1,216	1,195	129	824	7,857	11,221
Prepaid expenses	376	73	84	24	119	676
Investment in prize annuity	-	2,797	-	-	-	2,797
Total current assets	21,879	26,608	796	11,776	15,137	76,196
Noncurrent assets:						
Capital assets - nondepreciable	59	392	47,949	210	695	49,305
Capital assets - depreciable (net)	23,656	3,894	-	192	5,647	33,389
Investment in prize annuity	-	9,434	-	-	-	9,434
Prize deposit	-	4,422	-	-	-	4,422
Total noncurrent assets	23,715	18,142	47,949	402	6,342	96,550
TOTAL ASSETS	**45,594**	**44,750**	**48,745**	**12,178**	**21,479**	**172,746**
LIABILITIES						
Current liabilities:						
Accounts payable & accruals	4,782	1,520	615	8,764	868	16,549
Due to other funds/advances from other funds	-	16,313	-	5	35	16,353
Interest payable	-	4	-	-	-	4
Unearned revenue	96	408	621	-	61	1,186
Compensated absences	635	737	-	79	712	2,163
Bonds payable	-	100	-	-	-	100
Annuities payable	-	2,837	-	-	-	2,837
Lottery prizes payable	-	2,298	-	-	-	2,298
Total current liabilities	5,513	24,217	1,236	8,848	1,676	41,490
Noncurrent liabilities:						
Accounts payable & accruals	111	194	-	79	128	512
Due to other funds/advances from other funds	-	-	28,000	-	-	28,000
Compensated absences	590	768	-	34	1,305	2,697
Bonds payable	-	1,300	-	-	-	1,300
Annuities payable	-	9,434	-	-	-	9,434
Lottery prizes payable	-	4,422	-	-	-	4,422
Total noncurrent liabilities	701	16,118	28,000	113	1,433	46,365
TOTAL LIABILITIES	**6,214**	**40,335**	**29,236**	**8,961**	**3,109**	**87,855**
NET ASSETS						
Invested in capital assets, net of related debt	23,715	2,886	47,949	402	6,342	81,294
Unrestricted	15,665	1,529	(28,440)	2,815	12,028	3,597
TOTAL NET ASSETS	**$ 39,380**	**$ 4,415**	**$ 19,509**	**$ 3,217**	**$ 18,370**	**$ 84,891**

STATE OF IOWA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds

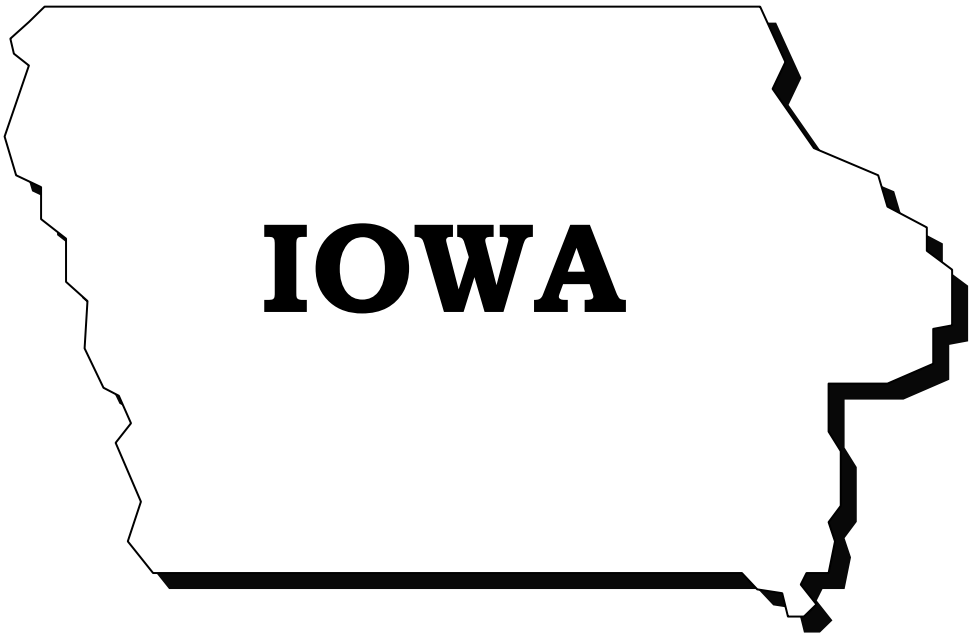
For the Year Ended June 30, 2009
(Expressed in Thousands)

	IOWA COMMUNICATIONS NETWORK	IOWA LOTTERY AUTHORITY	HONEY CREEK PARK	LIQUOR CONTROL ACT	OTHER	TOTAL
OPERATING REVENUES						
Receipts from other entities	$ -	$ -	$ 1,167	$ -	$ -	$ 1,167
Fees, licenses & permits	-	4	-	11,611	1,858	13,473
Refunds & reimbursements	-	-	-	122	7	129
Sales, rents & services	32,406	243,337	3,105	204,525	21,753	505,126
Miscellaneous	-	65	-	1,515	438	2,018
TOTAL OPERATING REVENUES	**32,406**	**243,406**	**4,272**	**217,773**	**24,056**	**521,913**
OPERATING EXPENSES						
General & administrative	9,478	-	842	-	22	10,342
Depreciation	7,636	1,403	-	67	897	10,003
Direct expense	11,555	10,833	-	-	16,546	38,934
Prize expense	-	138,425	-	-	-	138,425
Personal services	-	-	-	2,221	3,538	5,759
Travel & subsistence	-	-	22	369	130	521
Supplies & materials	-	3,276	-	566	197	4,039
Contractual services	-	30,540	4,178	2,462	1,962	39,142
Equipment & repairs	-	-	16	-	4	20
Claims & miscellaneous	10,049	-	836	133,467	783	145,135
Licenses, permits & refunds	-	-	-	715	8	723
State aid & credits	-	-	-	3,501	-	3,501
TOTAL OPERATING EXPENSES	**38,718**	**184,477**	**5,894**	**143,368**	**24,087**	**396,544**
OPERATING INCOME (LOSS)	**(6,312)**	**58,929**	**(1,622)**	**74,405**	**(31)**	**125,369**
NONOPERATING REVENUES (EXPENSES)						
Taxes	-	-	-	5,688	-	5,688
Investment income	271	421	28	-	136	856
Interest expense	-	(49)	-	-	-	(49)
Gain on sale of capital assets	-	-	-	-	75	75
NET NONOPERATING REVENUES	**271**	**372**	**28**	**5,688**	**211**	**6,570**
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	**(6,041)**	**59,301**	**(1,594)**	**80,093**	**180**	**131,939**
Capital contributions & grants	-	-	14,446	-	-	14,446
Transfers in	3,990	-	-	67	-	4,057
Transfers out	-	(60,553)	(706)	(86,013)	-	(147,272)
CHANGE IN NET ASSETS	**(2,051)**	**(1,252)**	**12,146**	**(5,853)**	**180**	**3,170**
TOTAL NET ASSETS - JULY 1	**41,431**	**5,667**	**7,363**	**9,070**	**18,190**	**81,721**
TOTAL NET ASSETS - JUNE 30	**$ 39,380**	**$ 4,415**	**$ 19,509**	**$ 3,217**	**$ 18,370**	**$ 84,891**


IOWA

STATE OF IOWA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2009
(Expressed in Thousands)

	IOWA COMMUNICATIONS NETWORK	IOWA LOTTERY AUTHORITY	HONEY CREEK PARK	LIQUOR CONTROL ACT	OTHER	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	$ 31,181	$ 243,233	$ 4,893	$ 214,967	$ 24,673	$ 518,947
Cash received from miscellaneous	-	80	(61)	1,637	445	2,101
Cash payments to suppliers for goods & services	(20,511)	(35,764)	(9,786)	(142,055)	(19,856)	(227,972)
Cash payments to employees for services	(8,589)	(8,630)	(22)	(2,571)	(3,547)	(23,359)
Cash payments for prizes	-	(143,139)	-	-	-	(143,139)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**2,081**	**55,780**	**(4,976)**	**71,978**	**1,715**	**126,578**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in from other funds	3,990	-	-	214	-	4,204
Transfers out to other funds	-	(56,434)	(706)	(86,475)	-	(143,615)
Tax receipts	-	-	-	5,688	-	5,688
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	**3,990**	**(56,434)**	**(706)**	**(80,573)**	**-**	**(133,723)**
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES						
Acquisition & construction of capital assets	(2,719)	(270)	(1,471)	(17)	(1,171)	(5,648)
Interest payments	-	(49)	-	-	-	(49)
Debt payments	-	(100)	-	-	-	(100)
Proceeds from sale of capital assets	-	35	-	-	-	35
NET CASH USED BY CAPITAL & RELATED FINANCING ACTIVITIES	**(2,719)**	**(384)**	**(1,471)**	**(17)**	**(1,171)**	**(5,762)**
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest & dividends on investments	329	511	40	-	136	1,016
Proceeds from sale & maturities of investments	-	4,317	-	-	-	4,317
NET CASH PROVIDED BY INVESTING ACTIVITIES	**329**	**4,828**	**40**	**-**	**136**	**5,333**
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	**3,681**	**3,790**	**(7,113)**	**(8,612)**	**680**	**(7,574)**
CASH & CASH EQUIVALENTS - JULY 1	**9,385**	**15,425**	**7,617**	**14,813**	**4,479**	**51,719**
CASH & CASH EQUIVALENTS - JUNE 30	**$ 13,066**	**$ 19,215**	**$ 504**	**$ 6,201**	**$ 5,159**	**$ 44,145**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	$ (6,312)	$ 58,929	$ (1,622)	$ 74,405	$ (31)	$ 125,369
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	7,636	1,403	-	67	897	10,003
(Increase) decrease in accounts receivable	(1,283)	(193)	(59)	(1,169)	1,066	(1,638)
(Increase) decrease in due from	-	-	(2)	-	9	7
(Increase) decrease in inventory	(136)	139	(129)	440	645	959
(Increase) decrease in prepaid expenses	123	44	(84)	(3)	43	123
Increase (decrease) in accounts payable	1,813	246	(3,700)	(1,781)	(1,054)	(4,476)
Increase (decrease) in due to	-	(67)	(1)	-	32	(36)
Increase (decrease) in unearned revenue	58	107	621	-	(13)	773
Increase (decrease) in compensated absences	182	(94)	-	19	121	228
Increase (decrease) in prizes payable	-	(357)	-	-	-	(357)
Increase (decrease) in prize annuity	-	(4,377)	-	-	-	(4,377)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**$ 2,081**	**$ 55,780**	**$ (4,976)**	**$ 71,978**	**$ 1,715**	**$ 126,578**
NONCASH CAPITAL & RELATED FINANCING ACTIVITIES						
Capital assets contributed	$ -	$ -	$ 14,446	$ -	$ -	$ 14,446


IOWA

COMBINING FINANCIAL STATEMENTS

Internal Service Funds

Internal Service Funds account for State activities that provide goods and services to other State departments or agencies on a cost reimbursement basis.

Workers' Compensation Fund receives funds associated with the workers' compensation program to pay claims and administrative support costs.

Materials & Equipment Revolving Fund accounts for the purchase, repair, maintenance and replacement of equipment, machinery and supplies used by the Department of Transportation.

Depreciation Revolving Fund receives monthly depreciation payments from State departments owning vehicles. The money is used to purchase replacement vehicles for the departments.

Information Technology Revolving Fund provides data processing services to other State departments or agencies.

Other Internal Service Funds are aggregated for reporting purposes and account for other miscellaneous activities that meet the definition of Internal Service Funds.

STATE OF IOWA

Combining Statement of Net Assets
Internal Service Funds

June 30, 2009
(Expressed in Thousands)

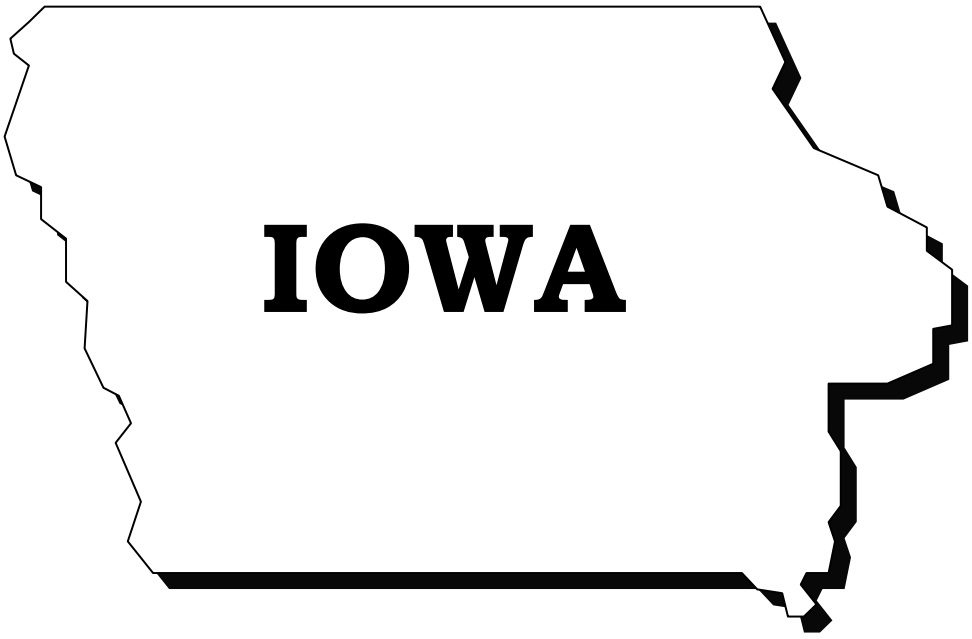
	WORKERS' COMPENSATION FUND	MATERIALS & EQUIPMENT REVOLVING FUND	DEPRECIATION REVOLVING FUND	INFORMATION TECHNOLOGY REVOLVING FUND	OTHER	TOTAL
ASSETS						
Current assets:						
Cash & investments	$ 1,115	$ 9,176	$ 7,321	$ 7,446	$ 11,584	$ 36,642
Accounts receivable (net)	10	-	74	16	901	1,001
Due from other funds/advances to other funds	49,442	3,044	1,594	3,935	13,997	72,012
Inventory	-	6,870	1,904	44	1,514	10,332
Prepaid expenses	-	-	-	1,297	291	1,588
Total current assets	50,567	19,090	10,893	12,738	28,287	121,575
Noncurrent assets:						
Due from other funds/advances to other funds	-	-	-	-	166	166
Capital assets - depreciable (net)	-	82,169	-	3,401	3,275	88,845
Total noncurrent assets	-	82,169	-	3,401	3,441	89,011
TOTAL ASSETS	**50,567**	**101,259**	**10,893**	**16,139**	**31,728**	**210,586**
LIABILITIES						
Current liabilities:						
Accounts payable & accruals	22,073	2,920	468	1,302	4,070	30,833
Due to other funds/advances from other funds	36	13	382	1,498	10,066	11,995
Unearned revenue	-	-	8,587	2	-	8,589
Compensated absences	-	410	-	1,066	1,560	3,036
Capital leases	-	-	-	-	19	19
Total current liabilities	22,109	3,343	9,437	3,868	15,715	54,472
Noncurrent liabilities:						
Accounts payable & accruals	28,458	115	-	226	827	29,626
Compensated absences	-	741	-	856	1,418	3,015
Total noncurrent liabilities	28,458	856	-	1,082	2,245	32,641
TOTAL LIABILITIES	**50,567**	**4,199**	**9,437**	**4,950**	**17,960**	**87,113**
NET ASSETS						
Invested in capital assets, net of related debt	-	82,169	-	3,401	3,256	88,826
Unrestricted	-	14,891	1,456	7,788	10,512	34,647
TOTAL NET ASSETS	**$ -**	**$ 97,060**	**$ 1,456**	**$ 11,189**	**$ 13,768**	**$ 123,473**

STATE OF IOWA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds

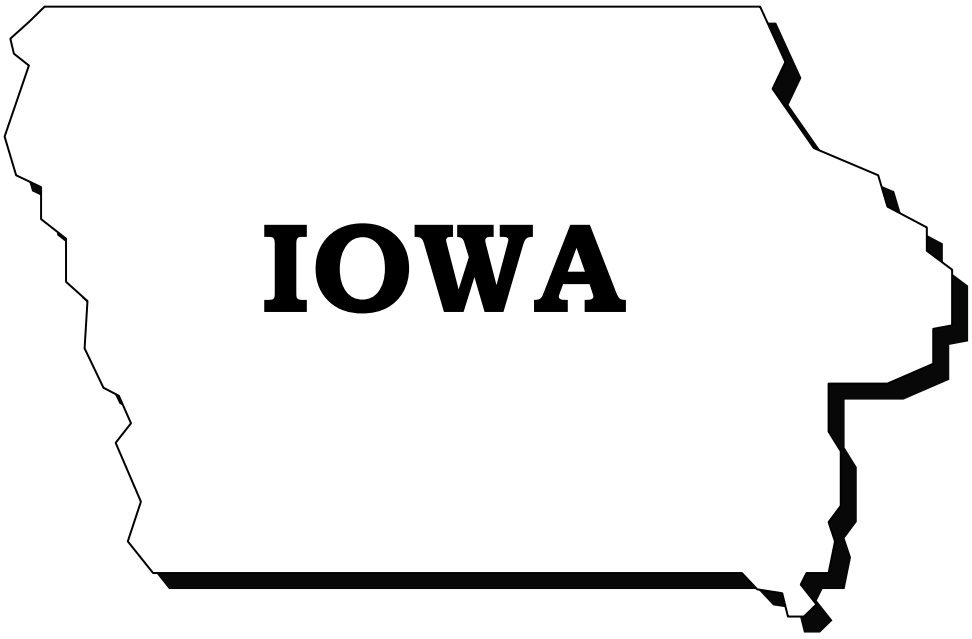
For the Year Ended June 30, 2009
(Expressed in Thousands)

	WORKERS' COMPENSATION FUND	MATERIALS & EQUIPMENT REVOLVING FUND	DEPRECIATION REVOLVING FUND	INFORMATION TECHNOLOGY REVOLVING FUND	OTHER	TOTAL
OPERATING REVENUES						
Receipts from other entities	$ 22,996	$ 3,122	$ 10,982	$ 36,468	$ 50,629	$ 124,197
Fees, licenses & permits	-	-	-	9	-	9
Refunds & reimbursements	546	64,142	60	24	1,179	65,951
Sales, rents & services	-	-	2,111	78	138	2,327
Miscellaneous	-	6,817	-	-	151	6,968
TOTAL OPERATING REVENUES	**23,542**	**74,081**	**13,153**	**36,579**	**52,097**	**199,452**
OPERATING EXPENSES						
Depreciation	-	13,837	-	983	787	15,607
Personal services	-	5,213	9	11,171	15,473	31,866
Travel & subsistence	-	10,844	-	19	9,674	20,537
Supplies & materials	-	34,699	1,067	1,020	16,500	53,286
Contractual services	1,737	1,955	345	16,872	12,579	33,488
Equipment & repairs	-	1,888	12,472	6,749	1,671	22,780
Claims & miscellaneous	21,805	15	-	24	683	22,527
Licenses, permits & refunds	-	15	174	-	7	196
TOTAL OPERATING EXPENSES	**23,542**	**68,466**	**14,067**	**36,838**	**57,374**	**200,287**
OPERATING INCOME (LOSS)	**-**	**5,615**	**(914)**	**(259)**	**(5,277)**	**(835)**
NONOPERATING REVENUES (EXPENSES)						
Investment income	-	1	-	188	171	360
Gain on sale of capital assets	-	-	-	-	15	15
Loss on sale of capital assets	-	(148)	-	-	(6)	(154)
NET NONOPERATING REVENUES (EXPENSES)	**-**	**(147)**	**-**	**188**	**180**	**221**
CHANGE IN NET ASSETS	**-**	**5,468**	**(914)**	**(71)**	**(5,097)**	**(614)**
TOTAL NET ASSETS - JULY 1	**-**	**91,592**	**2,370**	**11,260**	**18,865**	**124,087**
TOTAL NET ASSETS - JUNE 30	**$ -**	**$ 97,060**	**$ 1,456**	**$ 11,189**	**$ 13,768**	**$ 123,473**


IOWA

STATE OF IOWA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2009
(Expressed in Thousands)

	WORKERS' COMPENSATION FUND	MATERIALS & EQUIPMENT REVOLVING FUND	DEPRECIATION REVOLVING FUND	INFORMATION TECHNOLOGY REVOLVING FUND	OTHER	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from other entities	$ 546	$ 9,939	$ 2,037	$ 100	$ 1,775	$ 14,397
Cash received from reciprocal interfund activity	22,027	61,282	11,935	36,366	50,905	182,515
Cash payments to suppliers for goods & services	(23,459)	(39,910)	(12,457)	(24,280)	(38,389)	(138,495)
Cash payments to employees for services	-	(15,947)	(9)	(11,082)	(17,292)	(44,330)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**(886)**	**15,364**	**1,506**	**1,104**	**(3,001)**	**14,087**
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES						
Acquisition & construction of capital assets	-	(18,036)	-	(719)	(616)	(19,371)
NET CASH USED BY CAPITAL & RELATED FINANCING ACTIVITIES	**-**	**(18,036)**	**-**	**(719)**	**(616)**	**(19,371)**
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest & dividends on investments	-	1	-	188	171	360
NET CASH PROVIDED BY INVESTING ACTIVITIES	**-**	**1**	**-**	**188**	**171**	**360**
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	**(886)**	**(2,671)**	**1,506**	**573**	**(3,446)**	**(4,924)**
CASH & CASH EQUIVALENTS - JULY 1	**2,001**	**11,847**	**5,815**	**6,873**	**15,030**	**41,566**
CASH & CASH EQUIVALENTS - JUNE 30	**$ 1,115**	**$ 9,176**	**$ 7,321**	**$ 7,446**	**$ 11,584**	**$ 36,642**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	$ -	$ 5,615	$ (914)	$ (259)	$ (5,277)	$ (835)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	-	13,837	-	983	787	15,607
(Increase) decrease in accounts receivable	(6)	-	(74)	(11)	307	216
(Increase) decrease in due from	(999)	(2,624)	1,226	(711)	1,050	(2,058)
(Increase) decrease in inventory	-	(1,476)	1,058	12	177	(229)
(Increase) decrease in prepaid expenses	-	-	-	229	11	240
Increase (decrease) in accounts payable	83	191	175	227	810	1,486
Increase (decrease) in due to	36	(236)	368	607	(774)	1
Increase (decrease) in unearned revenue	-	-	(333)	2	-	(331)
Increase (decrease) in compensated absences	-	57	-	25	(19)	63
Increase (decrease) in other liability	-	-	-	-	(73)	(73)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	**$ (886)**	**$ 15,364**	**$ 1,506**	**$ 1,104**	**$ (3,001)**	**$ 14,087**


IOWA

COMBINING FINANCIAL STATEMENTS

Pension and Other Employee Benefit Funds

Pension Funds account for transactions, assets, liabilities and net assets available for plan benefits of the various State employee retirement systems. See NOTE 16 - PENSION PLANS.

Insurance Fund receives converted sick leave dollars of Department of Public Safety retirees under the Peace Officers contract to pay health and/or life benefits.

SPOC Insurance Fund receives converted sick leave dollars of Department of Natural Resources retirees under the Peace Officers contract to pay health and/or life benefits.

STATE OF IOWA

Combining Statement of Fiduciary Net Assets
Pension and Other Employee Benefit Funds

June 30, 2009
(Expressed in Thousands)

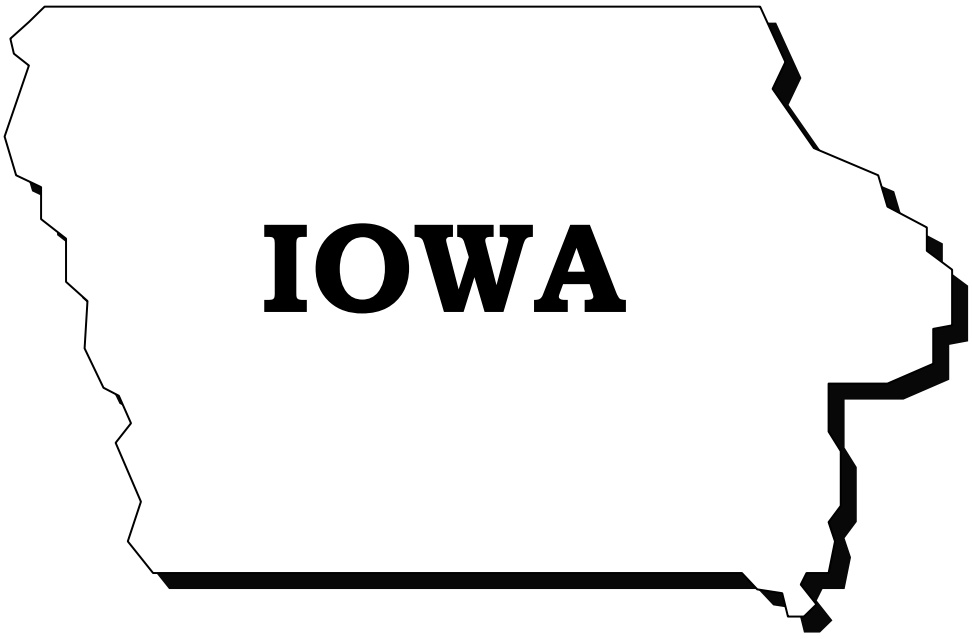
	IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	PEACE OFFICERS' RETIREMENT SYSTEM	JUDICIAL RETIREMENT SYSTEM	SPOC INSURANCE FUND	TOTAL
ASSETS					
Cash & cash equivalents	$ 313,939	$ 21,877	$ 3,131	$ 2,719	$ 341,666
Receivables:					
Contributions	53,350	599	121	-	54,070
Investments sold	348,282	-	1,277	-	349,559
Foreign exchange contracts	5,363	-	-	-	5,363
Interest & dividends	62,103	1,056	-	-	63,159
Total receivables	469,098	1,655	1,398	-	472,151
Investments, at fair value:					
Fixed income securities	8,158,961	94,071	42,840	-	8,295,872
Equity investments	6,194,710	79,555	28,980	-	6,303,245
Real estate partnerships	1,501,683	11,733	3,061	-	1,516,477
Investment in private equity/ debt	2,080,317	-	-	-	2,080,317
Securities lending collateral pool	751,243	25,383	2,074	-	778,700
Securities on loan with brokers	-	24,653	2,010	-	26,663
Total investments	18,686,914	235,395	78,965	-	19,001,274
Capital assets:					
Land	500	-	-	-	500
Other - depreciable (net)	14,496	-	-	-	14,496
Total capital assets	14,996	-	-	-	14,996
TOTAL ASSETS	**19,484,947**	**258,927**	**83,494**	**2,719**	**19,830,087**
LIABILITIES					
Accounts payable & accruals	28,205	354	149	-	28,708
Payable for investments purchased	673,249	2	1,940	-	675,191
Payable to brokers for rebate & collateral	809,452	25,383	2,073	-	836,908
TOTAL LIABILITIES	**1,510,906**	**25,739**	**4,162**	**-**	**1,540,807**
NET ASSETS					
Held in trust for employees' benefits	$ 17,974,041	$ 233,188	$ 79,332	$ 2,719	$ 18,289,280

STATE OF IOWA

Combining Statement of Changes in Fiduciary Net Assets
Pension and Other Employee Benefit Funds

For the Year Ended June 30, 2009
(Expressed in Thousands)

	IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	PEACE OFFICERS' RETIREMENT SYSTEM	JUDICIAL RETIREMENT SYSTEM	INSURANCE FUND	SPOC INSURANCE FUND	TOTAL
ADDITIONS						
Contributions:						
Member contributions	$ 270,935	$ 3,882	$ 2,078	$ 390	$ 1,231	$ 278,516
Employer contributions	415,324	7,898	7,720	-	-	430,942
Buy-back/buy-in contributions	9,301	-	-	-	-	9,301
Total contributions	695,560	11,780	9,798	390	1,231	718,759
Investment income (loss):						
Net increase (decrease) in fair value of investments	(4,382,338)	(53,331)	(13,540)	30	-	(4,449,179)
Interest	378,305	5,613	1,895	6	-	385,819
Dividends	64,652	996	378	-	-	66,026
Other	116,627	-	-	-	-	116,627
Total investment income (loss)	(3,822,754)	(46,722)	(11,267)	36	-	(3,880,707)
Less investment expense	41,006	1,431	291	-	-	42,728
Net investment income (loss)	(3,863,760)	(48,153)	(11,558)	36	-	(3,923,435)
TOTAL ADDITIONS	**(3,168,200)**	**(36,373)**	**(1,760)**	**426**	**1,231**	**(3,204,676)**
DEDUCTIONS						
Pension & annuity benefits	1,183,119	20,582	7,094	-	-	1,210,795
Payments in accordance with agreements	-	-	-	717	343	1,060
Administrative expense	10,897	154	12	-	-	11,063
Refunds	34,338	9	-	-	-	34,347
TOTAL DEDUCTIONS	**1,228,354**	**20,745**	**7,106**	**717**	**343**	**1,257,265**
CHANGE IN NET ASSETS	**(4,396,554)**	**(57,118)**	**(8,866)**	**(291)**	**888**	**(4,461,941)**
NET ASSETS - JULY 1	**22,370,595**	**290,306**	**88,198**	**291**	**1,831**	**22,751,221**
NET ASSETS - JUNE 30	**$ 17,974,041**	**$ 233,188**	**$ 79,332**	**$ -**	**$ 2,719**	**$ 18,289,280**


IOWA

COMBINING FINANCIAL STATEMENTS

Private Purpose Trust Funds

Private Purpose Trust Funds are used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments.

Iowa Educational Savings Plan Trust receives contributions from participants for investment for future application towards payment of higher education costs for designated beneficiaries.

Veterans Affairs receives donations and fund raising receipts to be spent for the benefit of the Veteran residents.

Health Organization Insolvency Fund has received a $10,000 remittance from each established Health Maintenance Organization (HMO) and Limited Service Organization (LSO) per law. This nonrefundable fund is invested to cover the cost of administration if an HMO or LSO declares bankruptcy.

Gaining Early Awareness & Readiness for Undergraduate Programs (GEAR-UP) Fund accounts for receipts that are set aside for a scholarship program for students who were in the 7th grade in 2009.

Other Private Purpose Trust Funds aggregates the Braille & Sight Saving School Fund which receives donations and contributions to be spent for the benefit of the students and the Wagner Award Fund that received a bequest by Ruth Wagner to present an annual recognition to the outstanding soil district commissioner who is 40 years or younger to be presented each year at the annual state conference.

STATE OF IOWA

Combining Statement of Fiduciary Net Assets
Private Purpose Trust Funds

June 30, 2009
(Expressed in Thousands)

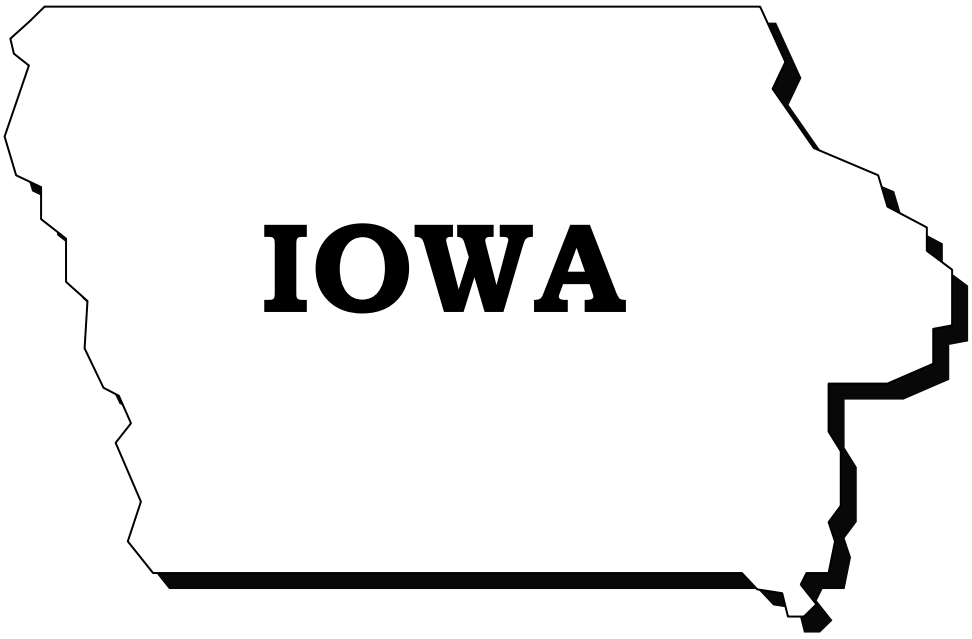
	IOWA EDUCATIONAL SAVINGS PLAN TRUST	VETERANS AFFAIRS	HEALTH ORGANIZATION INSOLVENCY FUND	GEAR-UP FUND	OTHER	TOTAL
ASSETS						
Cash	$ 1,935	$ 380	$ 230	$ -	$ 56	$ 2,601
Accounts receivable (net)	-	1	-	2,800	-	2,801
Investments	1,851,340	-	-	-	-	1,851,340
Capital assets - depreciable (net)	-	6	-	-	-	6
Prepaid expenses	8	-	-	-	-	8
Inventory	-	9	-	-	-	9
TOTAL ASSETS	**1,853,283**	**396**	**230**	**2,800**	**56**	**1,856,765**
LIABILITIES						
Accounts payable & accruals	275	23	-	-	-	298
NET ASSETS						
Held in trust for individuals, organizations & other governments	$ 1,853,008	$ 373	$ 230	$ 2,800	$ 56	$ 1,856,467

STATE OF IOWA

Combining Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Funds

For the Year Ended June 30, 2009
(Expressed in Thousands)

	IOWA EDUCATIONAL SAVINGS PLAN TRUST	VETERANS AFFAIRS	HEALTH ORGANIZATION INSOLVENCY FUND	GEAR-UP FUND	OTHER	TOTAL
ADDITIONS						
Contributions:						
Participant contributions	$ 267,530	$ 102	$ -	$ -	$ -	$ 267,632
Other contributions	-	-	-	2,800	-	2,800
Gifts, bequests & endowments	27	134	-	-	10	171
Total contributions	267,557	236	-	2,800	10	270,603
Investment income (loss):						
Net increase (decrease) in fair value of investments	(383,795)	5	-	-	(5)	(383,795)
Interest	34	-	-	-	-	34
Total investment income (loss)	(383,761)	5	-	-	(5)	(383,761)
TOTAL ADDITIONS	**(116,204)**	**241**	**-**	**2,800**	**5**	**(113,158)**
DEDUCTIONS						
Distributions to participants	107,920	-	-	-	-	107,920
Other	647	294	-	-	-	941
TOTAL DEDUCTIONS	**108,567**	**294**	**-**	**-**	**-**	**108,861**
CHANGE IN NET ASSETS	**(224,771)**	**(53)**	**-**	**2,800**	**5**	**(222,019)**
NET ASSETS - JULY 1	**2,077,779**	**426**	**230**	**-**	**51**	**2,078,486**
NET ASSETS - JUNE 30	**$ 1,853,008**	**$ 373**	**$ 230**	**$ 2,800**	**$ 56**	**$ 1,856,467**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COMBINING FINANCIAL STATEMENTS

Agency Funds

Agency Funds account for the receipt and disbursement of various taxes, deposits, deductions and property collected by the State, acting in the capacity of an agent, for distribution to other governmental units or organizations.

Local Sales & Services Tax Fund is used to account for local option sales taxes collected by retailers and deposited with the State. The taxes are then distributed back to the counties which have jurisdictions imposing local option sales tax.

Centralized Payroll Trustee Fund is used to account for accumulation of all voluntary and discretionary payroll deductions from the centralized payroll process.

Judicial - Clerks of District Court act as a collecting agency for many fees and taxes that are then distributed to the proper local government or recipient.

School District Surtax Clearing Fund collects and distributes surtax to the school districts according to the surtax formula set by the districts.

Other Agency Funds are aggregated for reporting purposes and represent amounts held for inmates and residents of State institutions, miscellaneous clearing accounts and other deposits.

STATE OF IOWA

Combining Statement of Fiduciary Net Assets
Agency Funds

June 30, 2009
(Expressed in Thousands)

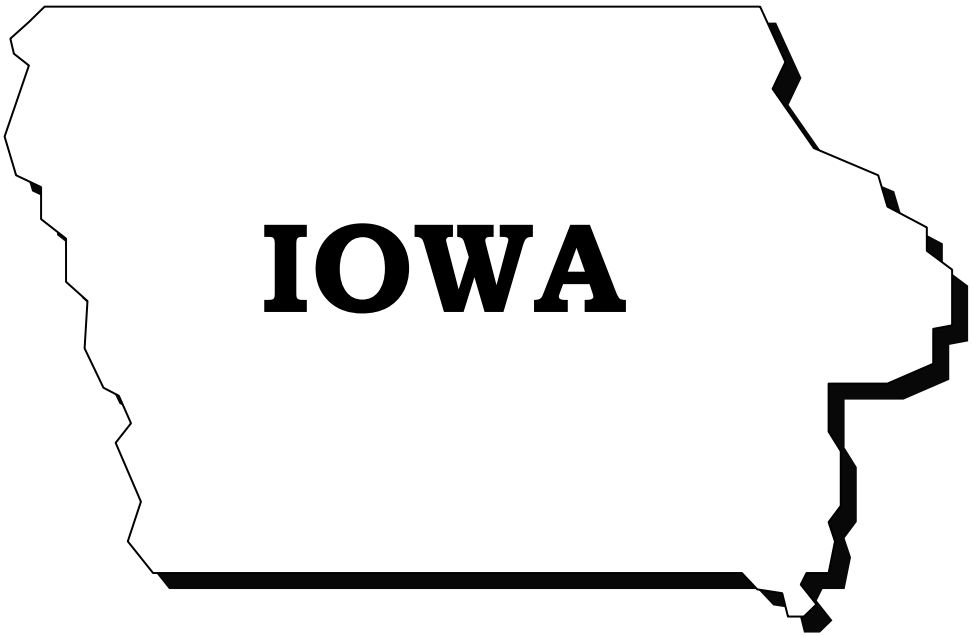
	LOCAL SALES & SERVICES TAX FUND	CENTRALIZED PAYROLL TRUSTEE FUND	JUDICIAL - CLERKS OF DISTRICT COURT	SCHOOL DISTRICT SURTAX CLEARING FUND	OTHER	TOTAL
ASSETS						
Cash	$ 41,325	$ 23,237	$ 20,139	$ 81,929	$ 39,360	$ 205,990
Accounts receivable (net)	79,357	471	-	10,610	59,516	149,954
TOTAL ASSETS	**$ 120,682**	**$ 23,708**	**$ 20,139**	**$ 92,539**	**$ 98,876**	**$ 355,944**
LIABILITIES						
Accounts payable & accruals	$ 120,682	$ 23,708	$ 20,139	$ 92,539	$ 98,876	$ 355,944
TOTAL LIABILITIES	**$ 120,682**	**$ 23,708**	**$ 20,139**	**$ 92,539**	**$ 98,876**	**$ 355,944**

STATE OF IOWA

Combining Statement of Changes in Assets and Liabilities
Agency Funds

For the Year Ended June 30, 2009
(Expressed in Thousands)

	BEGINNING BALANCE	ADDITIONS	DEDUCTIONS	ENDING BALANCE
LOCAL SALES & SERVICES TAX FUND				
ASSETS				
Cash	$ 2,267	$ 709,205	$ 670,147	$ 41,325
Accounts receivable	97,344	79,357	97,344	79,357
TOTAL ASSETS	$ 99,611	$ 788,562	$ 767,491	$ 120,682
LIABILITIES				
Accounts payable & accruals	$ 99,611	$ 788,562	$ 767,491	$ 120,682
CENTRALIZED PAYROLL TRUSTEE FUND				
ASSETS				
Cash	$ 46,139	$ 805,349	$ 828,251	$ 23,237
Accounts receivable	1,765	471	1,765	471
TOTAL ASSETS	$ 47,904	$ 805,820	$ 830,016	$ 23,708
LIABILITIES				
Accounts payable & accruals	$ 47,904	$ 805,820	$ 830,016	$ 23,708
JUDICIAL - CLERKS OF DISTRICT COURT				
ASSETS				
Cash	$ 21,378	$ 285,187	$ 286,426	$ 20,139
LIABILITIES				
Accounts payable & accruals	$ 21,378	$ 285,187	$ 286,426	$ 20,139
SCHOOL DISTRICT SURTAX CLEARING FUND				
ASSETS				
Cash	$ 81,375	$ 95,313	$ 94,759	$ 81,929
Accounts receivable	5,401	10,610	5,401	10,610
TOTAL ASSETS	$ 86,776	$ 105,923	$ 100,160	$ 92,539
LIABILITIES				
Accounts payable & accruals	$ 86,776	$ 105,923	$ 100,160	$ 92,539
OTHER				
ASSETS				
Cash	$ 36,007	$ 1,246,505	$ 1,243,152	$ 39,360
Accounts receivable	61,518	59,516	61,518	59,516
TOTAL ASSETS	$ 97,525	$ 1,306,021	$ 1,304,670	$ 98,876
LIABILITIES				
Accounts payable & accruals	$ 97,525	$ 1,306,021	$ 1,304,670	$ 98,876
TOTAL				
ASSETS				
Cash	$ 187,166	$ 3,141,559	$ 3,122,735	$ 205,990
Accounts receivable	166,028	149,954	166,028	149,954
TOTAL ASSETS	$ 353,194	$ 3,291,513	$ 3,288,763	$ 355,944
LIABILITIES				
Accounts payable & accruals	$ 353,194	$ 3,291,513	$ 3,288,763	$ 355,944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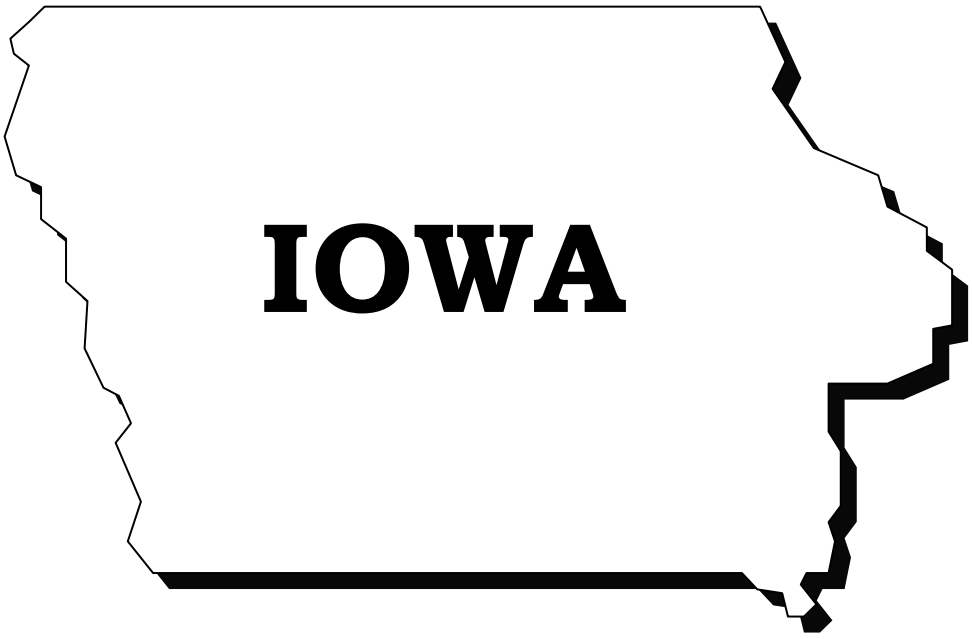
STATISTICAL SECTION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STATE OF IOWA

STATISTICAL SECTION
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This part of the State of Iowa's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the State's overall financial health.

	Schedule
Financial Trends These schedules contain trend information to help the reader understand how the State's financial performance and well-being have changed over time.	1 - 4
Revenue Capacity These schedules contain information to help the reader assess the State's most significant revenue source, individual income tax.	5 - 7
Debt Capacity These schedules present information to help the reader assess the affordability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.	8 - 9
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.	10 - 11
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs. A schedule of current expenditures is also included.	12 - 15

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The State of Iowa implemented GASB Statement 34 in 2002 and began presenting government-wide information that year.

STATE OF IOWA

Net Assets by Component

Schedule 1

For the Last Eight Fiscal Years

(Accrual Basis of Accounting Expressed in Thousands)

	Fiscal Year							
	2002	2003*	2004	2005	2006	2007	2008**	2009
Governmental activities								
Invested in capital assets, net of related debt	$ 5,127,823	$ 5,370,928	$ 5,465,035	$ 5,681,408	$ 5,878,568	$ 6,071,498	$ 6,193,796	$ 6,487,927
Restricted	1,255,497	1,373,913	1,382,417	1,209,109	1,190,851	954,614	1,096,738	981,848
Unrestricted	532,098	(257,172)	(52,741)	133,884	282,317	612,506	490,372	145,222
Total governmental activities net assets	$ 6,915,418	$ 6,487,669	$ 6,794,711	$ 7,024,401	$ 7,351,736	$ 7,638,618	$ 7,780,906	$ 7,614,997
Business-type activities								
Invested in capital assets, net of related debt	$ 1,324,407	$ 1,528,930	$ 1,621,420	$ 1,783,485	$ 1,874,011	$ 1,962,371	$ 1,997,070	$ 2,234,564
Restricted	1,212,368	1,123,665	1,181,164	1,221,333	1,353,063	1,377,602	1,490,766	1,286,727
Unrestricted	199,143	804,879	748,682	761,180	785,313	965,010	1,073,688	968,103
Total business-type activities net assets	$ 2,735,918	$ 3,457,474	$ 3,551,266	$ 3,765,998	$ 4,012,387	$ 4,304,983	$ 4,561,524	$ 4,489,394
Primary government								
Invested in capital assets, net of related debt	$ 6,452,230	$ 6,899,858	$ 7,086,455	$ 7,464,893	$ 7,752,579	$ 8,033,869	$ 8,190,866	$ 8,722,491
Restricted	2,467,865	2,497,578	2,563,581	2,430,442	2,543,914	2,332,216	2,587,504	2,268,575
Unrestricted	731,241	547,707	695,941	895,064	1,067,630	1,577,516	1,564,060	1,113,325
Total primary government net assets	$ 9,651,336	$ 9,945,143	$ 10,345,977	$ 10,790,399	$ 11,364,123	$ 11,943,601	$ 12,342,430	$ 12,104,391

* - Fiscal Year 2003 amounts reported include prior period adjustments made in 2004 for the reclassification of the Tobacco Settlement Authority from a business-type activity to a governmental activity of $560,865 and implementation of GASB Technical Bulletin 2004-1, Tobacco Settlement Recognition and Financial Reporting Entity Issues of $21,084.

** - Fiscal Year 2008 amounts reported include prior period adjustments made in 2009 to reflect the effect of reclassifications and misstatements of the Department of Natural Resources' capital assets totaling $9.9 million.

STATE OF IOWA

Changes in Net Assets

Schedule 2

For the Last Eight Fiscal Years

(Accrual Basis of Accounting Expressed in Thousands)

	Fiscal Year							
	2002	**2003***	**2004**	**2005****	**2006**	**2007**	**2008*****	**2009**
Expenses								
Governmental activities:								
Administration & regulation	$ 1,191,738	$ 1,180,426	$ 972,615	$ 903,378	$ 924,171	$ 881,865	$ 900,181	$ 1,260,364
Education	2,594,324	2,628,698	2,650,631	2,796,158	2,948,579	3,071,601	3,352,331	3,503,146
State aid to universities	675,077	681,288	635,488	-	-	-	-	-
Heath & human rights	283,079	306,181	317,842	337,542	367,579	368,342	405,459	450,955
Human services	3,449,997	3,396,213	3,429,548	3,633,297	3,927,888	3,882,041	4,283,160	4,651,972
Justice & public defense	623,406	631,182	663,134	693,606	756,968	822,676	945,438	1,209,839
Economic development	180,950	184,647	202,133	208,720	223,153	227,266	234,579	329,936
Transportation	758,876	819,532	906,054	918,557	930,333	954,278	959,598	1,084,299
Agriculture & natural resources	170,388	147,874	155,220	167,101	180,539	193,327	220,995	210,984
Interest expense	19,411	20,232	19,123	52,241	77,392	74,053	73,065	62,387
Total governmental activities expenses	9,947,246	9,996,273	9,951,788	9,710,600	10,336,602	10,475,449	11,374,806	12,763,882
Business-type activities:								
University Funds	2,459,133	2,424,292	2,643,969	2,656,318	2,850,291	2,942,220	3,155,027	3,401,126
Unemployment Benefits Fund	392,432	445,045	389,858	299,086	304,143	342,499	356,261	872,030
Tobacco Settlement Authority	25,044	-	-	-	-	-	-	-
Other	286,046	291,407	310,538	326,060	432,037	363,508	391,077	396,668
Total business-type activities expenses	3,162,655	3,160,744	3,344,365	3,281,464	3,586,471	3,648,227	3,902,365	4,669,824
Total primary government expenses	$ 13,109,901	$ 13,157,017	$ 13,296,153	$ 12,992,064	$ 13,923,073	$ 14,123,676	$ 15,277,171	$ 17,433,706
Program revenues								
Governmental activities:								
Charges for services:								
Administration & regulation	$ 712,136	$ 772,439	$ 749,752	$ 698,923	$ 804,217	$ 765,932	$ 808,206	$ 1,069,214
Education	22,499	35,511	26,038	26,118	23,117	39,402	47,201	45,794
Health & human rights	27,178	40,081	32,242	38,885	45,324	55,086	83,700	71,849
Human services	795,466	558,878	410,310	387,762	418,391	448,255	417,733	437,131
Justice & public defense	147,153	166,452	23,811	72,045	83,256	60,529	177,293	83,868
Economic development	4,462	3,153	1,121	3	2,715	2,519	7,125	5,012
Transportation	2,124	382	19,279	19,833	13,922	30,106	17,695	84,511
Agriculture & natural resources	57,002	68,464	60,744	65,227	60,128	78,306	72,564	78,697
Operating grants & contributions	3,046,000	3,195,989	3,314,471	3,391,654	3,699,313	3,247,773	3,471,494	4,345,320
Capital grants & contributions	8,908	6,463	4,287	5,316	4,245	283,759	230,585	385,478
Total governmental activities program revenues	4,822,928	4,847,812	4,642,055	4,705,766	5,154,628	5,011,667	5,333,596	6,606,874
Business-type activities:								
Charges for services:								
University Fund	1,335,483	1,449,643	1,583,183	1,642,343	1,786,355	1,690,465	1,800,897	1,993,932
Unemployment Benefits Fund	254,896	337,634	304,396	318,607	348,246	352,067	368,202	358,198
Tobacco Settlement Authority	49,633	-	-	-	-	-	-	-
Other	352,526	359,935	404,595	425,261	567,966	478,850	506,995	521,913
Operating grants & contributions	472,011	349,072	427,616	448,517	458,271	633,957	670,859	987,715
Capital grants & contributions	30,737	57,801	58,026	28,912	18,039	30,943	35,225	45,432
Total business-type activities program revenues	2,495,286	2,554,085	2,777,816	2,863,640	3,178,877	3,186,282	3,382,178	3,907,190
Total primary government program revenues	$ 7,318,214	$ 7,401,897	$ 7,419,871	$ 7,569,406	$ 8,333,505	$ 8,197,949	$ 8,715,774	$ 10,514,064
Net expense								
Governmental activities	$ (5,124,318)	$ (5,148,461)	$ (5,309,733)	$ (5,004,834)	$ (5,181,974)	$ (5,463,782)	$ (6,041,210)	$ (6,157,008)
Business-type activities	(667,369)	(606,659)	(566,549)	(417,824)	(407,594)	(461,945)	(520,187)	(762,634)
Total primary government net expense	$ (5,791,687)	$ (5,755,120)	$ (5,876,282)	$ (5,422,658)	$ (5,589,568)	$ (5,925,727)	$ (6,561,397)	$ (6,919,642)

(continued on next page)

STATE OF IOWA

Changes in Net Assets

Schedule 2

For the Last Eight Fiscal Years

(Accrual Basis of Accounting Expressed in Thousands)

(continued)

	Fiscal Year							
	2002	**2003***	**2004**	**2005****	**2006**	**2007**	**2008*****	**2009**
General revenues and other changes in net assets								
Governmental activities:								
Personal income tax	$ 1,889,922	$ 1,922,316	$ 2,090,712	$ 2,263,561	$ 2,430,981	$ 2,673,861	$ 2,866,774	$ 2,716,655
Corporate income tax	111,724	148,214	97,769	176,997	283,112	322,315	347,833	258,115
Sales & use tax	1,686,384	1,635,551	1,688,943	1,761,195	1,866,864	1,878,500	1,966,871	2,094,893
Other tax	598,222	563,751	598,165	596,707	592,888	641,206	783,814	743,231
Motor fuel tax restricted for transportation purposes	457,989	464,069	435,358	482,194	440,652	446,607	443,997	436,732
Road use tax restricted for transportation purposes	255,749	246,238	252,269	252,599	247,125	248,959	257,523	256,554
Unrestricted investment earnings	97,704	65,852	62,086	72,166	98,269	146,669	114,987	66,159
Other	73,539	140,672	166,328	129,486	29,810	25,807	32,492	30,476
Gain/(loss) on sale of assets	856	(1,685)	671	972	-	-	571	804
Contribution to Permanent Fund principal	1,450	27	12	62	262	55	4,031	-
Transfers	666,765	112,474	122,096	(501,415)	(480,654)	(549,206)	(598,789)	(612,520)
Special item - gaming tax liability settlement	-	-	102,366	-	-	-	-	-
Total governmental activities	$ 5,840,304	$ 5,297,479	$ 5,616,775	$ 5,234,524	$ 5,509,309	$ 5,834,773	$ 6,220,104	$ 5,991,099
Business-type activities:								
Other taxes	$ 8,757	$ 10,258	$ -	$ -	$ 7,300	$ 5,909	$ 6,551	$ 5,688
Unrestricted investment earnings	66,294	95,215	88,881	88,036	93,651	159,246	69,378	(25,411)
Other	195,627	78,133	58,061	43,102	68,209	40,162	46,919	94,068
Gain/(loss) on sale of assets	(7,491)	(11,264)	7	3	4,169	18	7	75
State aid to universities	675,077	681,288	635,488	-	-	-	-	-
Contribution to University Endowments	-	-	-	-	-	-	-	404
Extraordinary item - gain on impairment of assets and other	-	-	-	-	-	-	55,084	3,160
Transfers	(666,765)	(112,474)	(122,096)	501,415	480,654	549,206	598,789	612,520
Total business-type activities	$ 271,499	$ 741,156	$ 660,341	$ 632,556	$ 653,983	$ 754,541	$ 776,728	$ 690,504
Change in net assets								
Governmental activities	$ 715,986	$ 149,018	$ 307,042	$ 229,690	$ 327,335	$ 370,991	$ 178,894	$ (165,909)
Business-type activities	(395,870)	134,497	93,792	214,732	246,389	292,596	256,541	(72,130)
Total primary government	$ 320,116	$ 283,515	$ 400,834	$ 444,422	$ 573,724	$ 663,587	$ 435,435	$ (238,039)

* - Fiscal Year 2003 amounts reported include prior period adjustments made in 2004 for the reclassification of the Tobacco Settlement Authority from a business-type activity to a governmental activity and implementation of GASB Technical Bulletin 2004-1, Tobacco Settlement Recognition and Financial Reporting Entity Issues.

** - State aid to universities is classified as transfers.

*** - Fiscal Year 2008 amounts reported include prior period adjustments made in 2009 to reflect the effect of reclassifications and misstatements of the Department of Natural Resources' capital assets totaling $9.9 million.

STATE OF IOWA

Fund Balances of Governmental Funds

Schedule 3

For the Last Eight Fiscal Years

(Modified Accrual Basis of Accounting Expressed in Thousands)

	Fiscal Year							
	2002	**2003***	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
General Fund								
Reserved	$ 1,409,695	$ 1,478,105	$ 1,431,087	$ 1,364,588	$ 1,202,023	$ 1,000,811	$ 1,178,178	$ 1,121,132
Unreserved	316,767	180,780	445,627	559,864	897,708	1,052,537	1,118,497	802,767
Total General Fund	$ 1,726,462	$ 1,658,885	$ 1,876,714	$ 1,924,452	$ 2,099,731	$ 2,053,348	$ 2,296,675	$ 1,923,899
All other governmental funds								
Reserved	$ 533,606	$ 474,011	$ 377,317	$ 305,386	$ 419,404	$ 305,336	$ 927,732 **	$ 820,497 **
Unreserved, reported in:								
Special revenue funds	31,584	74,762	97,916	83,978	62,224	48,907	(633,676) **	(584,380) **
Capital projects funds	3,101	1,163	2,890	4,010	2,056	98,015	82,668	52,417
Total all other governmental funds	$ 568,291	$ 549,936	$ 478,123	$ 393,374	$ 483,684	$ 452,258	$ 376,724	$ 288,534

* - Fiscal Year 2003 amounts reported include prior period adjustments made in 2004 for the reclassification of the Tobacco Settlement Authority from a business-type activity to a governmental fund type of $69,442.

** - Due to the implementation of GASB No. 48, interfund advances were recorded in the Tobacco Settlement Authority and Tobacco Collections funds.

STATE OF IOWA

Changes in Fund Balances of Governmental Funds

Schedule 4

For the Last Ten Fiscal Years

(Modified Accrual Basis of Accounting Expressed in Thousands)

	Fiscal Year									
	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
Revenues										
Taxes	$ 5,725,416	$ 5,679,340	$ 5,646,505	$ 5,624,307	$ 5,939,586	$ 6,285,430	$ 6,491,259	$ 6,867,216	$ 7,386,422	$ 7,333,205
Receipts from other entities	2,638,996	2,774,345	3,257,685	3,461,978	3,591,798	3,585,177	3,973,158	3,522,809	4,193,259	5,126,503
Investment income	84,798	118,650	97,054	63,133	62,235	71,879	97,418	145,561	118,360	66,294
Fees, licenses & permits	527,687	530,202	554,847	575,901	615,684	639,681	651,726	680,615	690,211	978,396
Refunds & reimbursements	259,611	242,693	949,930	778,389	435,380	349,684	466,900	411,734	431,503	474,081
Sales, rents & services	17,764	17,845	27,383	26,093	30,954	28,735	27,714	28,589	29,143	29,925
Miscellaneous	104,369	104,559	141,491	158,192	193,171	206,371	119,906	120,677	117,568	93,961
Contributions	-	-	1,450	26	12	62	265	156	48	1,008
Gross revenues	9,358,641	9,467,634	10,676,345	10,688,019	10,868,820	11,167,019	11,828,346	11,777,357	12,966,514	14,103,373
Less revenue refunds	585,580	619,317	743,777	726,338	793,070	776,354	675,709	686,423	762,926	883,633
Total revenues	8,773,061	8,848,317	9,932,568	9,961,681	10,075,750	10,390,665	11,152,637	11,090,934	12,203,588	13,219,740
Expenditures										
Administration & regulation	-	-	1,136,471	1,225,770	974,624	875,086	909,321	863,429	889,445	1,244,250
General government & regulation	943,355	958,734	-	-	-	-	-	-	-	-
Education	2,476,234	2,572,970	2,610,508	2,630,481	2,650,005	2,790,597	2,940,726	3,068,629	3,341,479	3,492,860
Health & human rights	-	-	282,234	300,504	311,742	332,790	360,180	357,830	389,209	443,841
Human services	-	-	3,439,265	3,383,339	3,417,491	3,622,977	3,919,831	3,864,673	4,240,263	4,626,097
Health & human services	2,658,728	2,920,150	-	-	-	-	-	-	-	-
Justice & public defense	-	-	636,188	639,298	629,246	653,683	700,362	771,562	870,244	1,144,444
Law, justice & public safety	604,067	633,205	-	-	-	-	-	-	-	-
Economic development	183,675	188,226	177,567	184,017	196,917	204,048	217,701	221,567	220,313	335,429
Transportation	1,071,919	988,743	1,012,886	1,022,586	348,494	381,706	382,576	458,950	416,388	471,563
Agriculture & natural resources	144,150	156,111	170,606	149,625	140,581	150,108	161,172	172,948	181,518	199,639
Capital outlay	34,499	28,827	26,891	14,663	749,346	828,998	878,185	800,188	769,202	1,029,341
Debt service:										
Principal	-	-	-	-	-	25,181	23,435	28,025	69,575	36,335
Interest & fiscal charges	-	-	-	-	-	52,899	54,867	53,194	58,621	59,146
Total expenditures	8,116,627	8,446,966	9,492,616	9,550,283	9,418,446	9,918,073	10,548,356	10,660,995	11,446,257	13,082,945
Excess of revenues over expenditures	656,434	401,351	439,952	411,398	657,304	472,592	604,281	429,939	757,331	136,795
Other financing sources (uses)										
Transfers in	157,772	149,420	1,412,381	272,192	289,009	264,968	453,815	323,251	533,885	538,129
Transfers out	(777,439)	(805,616)	(1,423,853)	(840,144)	(801,306)	(768,683)	(936,073)	(869,369)	(1,124,271)	(1,136,203)
Leases, installment purchases & other	1,124	6,827	1,555	1,180	1,009	1,115	530	4,730	848	313
Debt issued	-	-	245,500	-	-	-	-	33,370	-	-
Premium (discount) on bonds	-	-	17,510	-	-	-	(555,554)	270	-	-
Refunding debt issued	-	-	55,130	-	-	20,799	1,365,435	-	-	-
Payments to refund debt	-	-	-	-	-	(20,550)	-	-	-	-
Payment to refunding escrow agent	-	-	(57,969)	-	-	-	(666,845)	-	-	-
Total other financing sources (uses)	(618,543)	(649,369)	250,254	(566,772)	(511,288)	(502,351)	(338,692)	(507,748)	(589,538)	(597,761)
Net change in fund balances	$ 37,891	$ (248,018)	$ 690,206	$ (155,374)	$ 146,016	$ (29,759)	$ 265,589	$ (77,809)	$ 167,793	$ (460,966)
Debt service as a percentage of noncapital expenditures	N/A	N/A	N/A	N/A	N/A	<1%	<1%	<1%	1.2%	<1%

FY 2000-2001

Transfers to universities are reclassified as transfers out.

Transfers in includes transfers from component units.

FY 2000-2004

Capital outlays were presented by function.

Expenditures by function included debt service payments.

STATE OF IOWA

Tax Revenue by Source - Governmental Funds

Schedule 5

For the Last Ten Fiscal Years

(Modified Accrual Basis of Accounting Expressed in Thousands)

	Fiscal Year									
	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
Individual income tax	$ 2,412,936	$ 2,549,297	$ 2,381,482	$ 2,424,011	$ 2,609,843	$ 2,799,745	$ 2,876,413	$ 3,109,609	$ 3,366,344	$ 3,297,922
Sales tax	1,427,683	1,319,878	1,460,404	1,434,033	1,475,261	1,498,893	1,600,799	1,590,238	1,639,885	2,002,262
Use tax	518,055	502,803	514,242	516,400	539,071	578,255	557,841	587,009	630,184	374,686
Fuel tax	462,290	449,032	457,489	463,703	476,985	528,208	490,470	500,531	497,613	487,265
Corporate tax	331,463	276,947	234,354	221,367	239,569	281,101	370,333	436,060	464,907	408,578
Inheritance tax	116,394	108,515	94,746	85,124	82,431	77,003	71,640	77,750	79,783	72,562
Insurance premium tax	120,212	126,402	135,582	140,939	139,275	131,183	121,428	105,223	111,647	90,035
Cigarette & tobacco tax	97,510	96,295	95,089	95,758	95,085	96,077	98,936	135,207	251,584	238,153
Wagering tax	182,364	190,397	209,319	182,201	219,461	238,065	249,183	272,210	287,247	282,545
Franchise tax	31,921	31,842	31,379	35,253	36,292	36,593	35,007	33,601	36,813	33,271
Beer tax	13,637	13,478	13,774	13,961	14,104	14,070	14,277	14,264	14,454	14,717
Other	10,951	14,454	18,645	11,557	12,209	6,237	4,932	5,514	5,961	31,209
Gross taxes	5,725,416	5,679,340	5,646,505	5,624,307	5,939,586	6,285,430	6,491,259	6,867,216	7,386,422	7,333,205
Less refunds	521,802	552,093	662,872	647,825	712,737	689,874	576,733	588,552	759,015	786,757
Net taxes	$ 5,203,614	$ 5,127,247	$ 4,983,633	$ 4,976,482	$ 5,226,849	$ 5,595,556	$ 5,914,526	$ 6,278,664	$ 6,627,407	$ 6,546,448

Source: State Accounting System.

STATE OF IOWA

Individual Income Tax Returns Filed and Tax Rates

Schedule 6

For the Last Ten Calendar Years

Tax Year 1999	
Net Taxable Income	**Number of Returns**
No AGI	23,768
$1 - 9,999	421,622
$10,000 - 19,999	412,882
$20,000 - 29,999	365,858
$30,000 - 39,999	244,998
$40,000 - 49,999	135,770
$50,000 - 74,999	126,665
$75,000 - 99,999	38,480
$100,000 & above	57,388
	1,827,431

Net Taxable Income	Tax Rate*
$0 - $1,148	0.36%
$1,148 - 2,296	0.72%
$2,296 - 4,592	2.43%
$4,592 - 10,332	4.50%
$10,332 - 17,220	6.12%
$17,220 - 22,960	6.48%
$22,960 - 34,440	6.80%
$34,440 - 51,660	7.92%
$51,660 & above	8.98%

Tax Year 2000	
Net Taxable Income	**Number of Returns**
No AGI	23,269
$1 - 9,999	402,339
$10,000 - 19,999	403,108
$20,000 - 29,999	370,609
$30,000 - 39,999	253,816
$40,000 - 49,999	143,177
$50,000 - 74,999	137,097
$75,000 - 99,999	41,763
$100,000 & above	60,318
	1,835,496

Net Taxable Income	Tax Rate*
$0 - $1,162	0.36%
$1,162 - 2,324	0.72%
$2,324 - 4,648	2.43%
$4,648 - 10,458	4.50%
$10,458 - 17,430	6.12%
$17,430 - 23,240	6.48%
$23,240 - 34,860	6.80%
$34,860 - 52,290	7.92%
$52,290 & above	8.98%

Tax Year 2001	
Net Taxable Income	**Number of Returns**
No AGI	30,045
$1 - 9,999	397,180
$10,000 - 19,999	388,796
$20,000 - 29,999	366,898
$30,000 - 39,999	258,425
$40,000 - 49,999	147,292
$50,000 - 74,999	138,318
$75,000 - 99,999	41,307
$100,000 & above	56,327
	1,824,588

Net Taxable Income	Tax Rate*
$0 - $1,185	0.36%
$1,185 - 2,370	0.72%
$2,370 - 4,740	2.43%
$4,740 - 10,665	4.50%
$10,665 - 17,775	6.12%
$17,775 - 23,700	6.48%
$23,700 - 35,550	6.80%
$35,550 - 53,325	7.92%
$53,325 & above	8.98%

Tax Year 2002	
Net Taxable Income	**Number of Returns**
No AGI	36,370
$1 - 9,999	389,157
$10,000 - 19,999	375,313
$20,000 - 29,999	355,237
$30,000 - 39,999	257,473
$40,000 - 49,999	149,414
$50,000 - 74,999	140,422
$75,000 - 99,999	41,334
$100,000 & above	55,303
	1,800,023

Net Taxable Income	Tax Rate*
$0 - $1,211	0.36%
$1,211 - 2,422	0.72%
$2,422 - 4,844	2.43%
$4,844 - 10,899	4.50%
$10,899 - 18,165	6.12%
$18,165 - 24,220	6.48%
$24,220 - 36,330	6.80%
$36,330 - 54,495	7.92%
$54,495 & above	8.98%

Tax Year 2003	
Net Taxable Income	**Number of Returns**
No AGI	38,805
$1 - 9,999	385,654
$10,000 - 19,999	364,171
$20,000 - 29,999	347,099
$30,000 - 39,999	259,677
$40,000 - 49,999	155,553
$50,000 - 74,999	149,518
$75,000 - 99,999	45,499
$100,000 & above	60,932
	1,806,908

Net Taxable Income	Tax Rate*
$0 - $1,224	0.36%
$1,224 - 2,448	0.72%
$2,448 - 4,896	2.43%
$4,896 - 11,016	4.50%
$11,016 - 18,360	6.12%
$18,360 - 24,480	6.48%
$24,480 - 36,720	6.80%
$36,720 - 55,080	7.92%
$55,080 & above	8.98%

Tax Year 2004	
Net Taxable Income	**Number of Returns**
No AGI	40,314
$1 - 9,999	381,662
$10,000 - 19,999	354,752
$20,000 - 29,999	340,049
$30,000 - 39,999	265,364
$40,000 - 49,999	166,811
$50,000 - 74,999	166,307
$75,000 - 99,999	51,862
$100,000 & above	68,620
	1,835,741

Net Taxable Income	Tax Rate*
$0 - $1,242	0.36%
$1,242 - 2,484	0.72%
$2,484 - 4,968	2.43%
$4,968 - 11,178	4.50%
$11,178 - 18,630	6.12%
$18,630 - 24,840	6.48%
$24,840 - 37,260	6.80%
$37,260 - 55,890	7.92%
$55,890 & above	8.98%

Tax Year 2005	
Net Taxable Income	**Number of Returns**
No AGI	39,556
$1 - 9,999	372,761
$10,000 - 19,999	350,536
$20,000 - 29,999	338,342
$30,000 - 39,999	270,292
$40,000 - 49,999	176,395
$50,000 - 74,999	179,890
$75,000 - 99,999	57,841
$100,000 & above	79,060
	1,864,673

Net Taxable Income	Tax Rate*
$0 - $1,269	0.36%
$1,269 - 2,538	0.72%
$2,538 - 5,076	2.43%
$5,076 - 11,421	4.50%
$11,421 - 19,035	6.12%
$19,035 - 25,380	6.48%
$25,380 - 38,070	6.80%
$38,070 - 57,105	7.92%
$57,105 & above	8.98%

Tax Year 2006	
Net Taxable Income	**Number of Returns**
No AGI	39,558
$1 - 9,999	362,337
$10,000 - 19,999	343,506
$20,000 - 29,999	337,101
$30,000 - 39,999	277,113
$40,000 - 49,999	185,575
$50,000 - 74,999	199,518
$75,000 - 99,999	66,119
$100,000 & above	90,788
	1,901,615

Net Taxable Income	Tax Rate*
$0 - $1,300	0.36%
$1,300 - 2,600	0.72%
$2,600 - 5,200	2.43%
$5,200 - 11,700	4.50%
$11,700 - 19,500	6.12%
$19,500 - 26,000	6.48%
$26,000 - 39,000	6.80%
$39,000 - 58,500	7.92%
$58,500 & above	8.98%

Tax Year 2007	
Net Taxable Income	**Number of Returns**
No AGI	42,488
$1 - 9,999	368,519
$10,000 - 19,999	344,833
$20,000 - 29,999	337,340
$30,000 - 39,999	282,702
$40,000 - 49,999	196,874
$50,000 - 74,999	221,027
$75,000 - 99,999	74,841
$100,000 & above	103,651
	1,972,275

Net Taxable Income	Tax Rate*
$0 - $1,343	0.36%
$1,343 - 2,686	0.72%
$2,686 - 5,372	2.43%
$5,372 - 12,087	4.50%
$12,087 - 20,145	6.12%
$20,145 - 26,860	6.48%
$26,860 - 40,290	6.80%
$40,290 - 60,435	7.92%
$60,435 & above	8.98%

Tax Year 2008	
Net Taxable Income	**Number of Returns**
Information not available.	

Net Taxable Income	Tax Rate*
$0 - $1,379	0.36%
$1,379 - 2,758	0.72%
$2,758 - 5,516	2.43%
$5,516 - 12,411	4.50%
$12,411 - 20,685	6.12%
$20,685 - 27,580	6.48%
$27,580 - 41,370	6.80%
$41,370 - 62,055	7.92%
$62,055 & above	8.98%

***** Iowa is one of three states that allow all taxpayers full deductibility of net federal tax payments.

Source: Iowa Individual Income Tax Annual Statistical Report, compiled by the Iowa Department of Revenue, Tax Research and Program Analysis Section

STATE OF IOWA

Retail Sales by Business Classification **Schedule 7**

Sales Tax Annual Period April 1 through March 31 of the following year 2000 through 2009

Classification	2000		2001		2002		2003		2004	
	Number of Businesses	Taxable Sales (in thousands)	Number of Businesses	Taxable Sales (in thousands)	Number of Businesses	Taxable Sales (in thousands)	Number of Businesses	Taxable Sales (in thousands)	Number of Businesses	Taxable Sales (in thousands)
Utilities & transportation	12,527	$ 3,747,961	13,059	$ 4,493,620	13,220	$ 3,953,930	12,738	$ 4,101,154	13,057	$ 3,736,575
Building materials	7,553	1,957,324	7,622	1,799,213	7,498	1,973,033	7,137	2,020,801	6,988	2,209,564
General merchandise	7,962	4,170,878	8,172	4,408,791	7,889	4,579,962	7,412	4,664,047	7,183	4,733,819
Food dealers	6,405	1,283,001	6,293	1,206,761	6,295	1,250,659	6,229	1,283,585	6,254	1,317,366
Motor vehicles	15,351	1,364,334	15,630	1,439,919	15,277	1,505,792	14,662	1,506,153	14,485	1,598,737
Apparel	5,969	656,066	6,090	706,418	5,894	703,552	5,671	697,113	5,503	708,476
Home furnishings & appliances	9,754	1,190,185	9,573	1,200,680	9,058	1,176,072	8,397	1,186,576	8,036	1,287,449
Eating & drinking places	26,701	2,385,111	26,625	2,404,765	26,503	2,465,627	26,349	2,500,868	26,377	2,575,410
Specialty retail stores	66,916	2,102,088	67,903	2,145,314	66,258	2,104,698	60,449	2,098,701	58,988	2,201,556
Services	111,483	3,640,831	110,965	3,641,760	109,870	3,659,775	104,259	3,726,722	103,227	3,650,972
Wholesale goods	26,232	2,561,135	25,271	2,455,822	23,823	2,363,712	21,781	2,266,911	20,156	2,232,352
All other	80,059	2,527,166	80,924	2,578,661	81,088	2,709,818	78,186	2,652,267	74,709	2,847,004
Total	376,912	$ 27,586,080	378,127	$ 28,481,724	372,673	$ 28,446,630	353,270	$ 28,704,898	344,963	$ 29,099,280

	2005		2006		2007		2008		2009	
	Number of Businesses	Taxable Sales (in thousands)	Number of Businesses	Taxable Sales (in thousands)	Number of Businesses	Taxable Sales (in thousands)	Number of Businesses	Taxable Sales (in thousands)	Number of Businesses	Taxable Sales (in thousands)
Utilities & transportation	13,276	$ 3,472,773	13,608	$ 3,480,731	14,409	$ 3,253,006	14,628	$ 3,385,552	14,876	$ 3,517,073
Building materials	6,840	2,382,479	6,744	2,496,945	6,965	2,502,180	6,985	2,470,307	6,981	2,561,077
General merchandise	6,988	4,887,726	6,645	4,851,712	6,862	5,159,008	6,678	5,218,644	6,666	5,428,309
Food dealers	6,299	1,358,506	6,325	1,415,821	6,796	1,503,246	6,833	1,564,199	6,817	1,634,570
Motor vehicles	14,381	1,611,626	14,251	1,686,072	14,843	1,737,850	14,707	1,827,036	15,177	1,926,927
Apparel	5,567	742,213	5,786	793,065	6,162	825,421	6,147	841,572	6,326	855,151
Home furnishings & appliances	7,879	1,382,500	7,509	1,440,372	7,582	1,435,783	7,621	1,469,497	7,960	1,456,128
Eating & drinking places	26,711	2,710,571	27,439	2,895,134	29,893	3,084,773	30,518	3,274,850	30,936	3,359,230
Specialty retail stores	58,479	2,233,187	56,820	2,349,683	60,925	2,418,715	60,964	2,456,805	61,037	2,510,639
Services	104,669	3,775,677	105,712	4,021,968	114,755	4,277,480	116,970	4,476,801	122,863	4,729,859
Wholesale goods	19,467	2,357,267	18,759	2,486,270	19,280	2,469,117	18,788	2,499,040	18,611	2,507,198
All other	75,087	2,890,776	71,340	3,190,615	57,075	2,979,140	59,196	3,604,722	54,838	3,218,496
Total	345,643	$ 29,805,301	340,938	$ 31,108,388	345,547	$ 31,645,719	350,035	$ 33,089,025	353,088	$ 33,704,657

The sales tax rate had remained at 5% since 1992. In September 2008 the rate increased from 5% to 6%.

Source: Iowa Retail Sales and Use Tax Report, compiled by the Iowa Department of Revenue, Tax Research and Fiscal Analysis Section

STATE OF IOWA

Ratios of Outstanding Debt by Type

Schedule 8

For the Last Ten Fiscal Years

(Expressed in Thousands Except Per Capita)

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	Revenue Bonds	Capital Leases	Loans & Contracts	Certificates of Participation	Revenue Bonds	Capital Leases	Loans & Contracts	Certificates of Participation			
2000	$ 172,420	$ 4,007	$ 2,094	$ 4,945	$ 573,149	$ 44,523	$ 7,181	$ 75,402	$ 883,721	1.20	308
2001	163,296	8,367	2,133	3,720	569,927	74,024	6,058	66,448	893,973	1.14	306
2002	404,130	6,552	2,717	3,720	1,235,806	70,454	5,043	56,975	1,785,397	2.24	611
2003 *	1,012,383	5,061	3,422	3,130	640,560	101,424	16,597	46,936	1,829,513	2.20	623
2004	991,156	4,498	3,145	2,495	700,257	108,645	8,664	36,277	1,855,137	2.17	630
2005	965,724	4,390	2,820	2,035	757,800	123,861	4,838	-	1,861,468	2.06	628
2006	1,091,841	3,587	2,569	1,560	837,368	137,169	4,158	-	2,078,252	2.17	701
2007	1,110,582	6,293	2,854	1,020	921,938	157,665	3,431	-	2,203,783	2.22	739
2008	1,049,536	5,403	2,705	580	1,069,239	149,062	2,570	-	2,279,095	2.18	763
2009	1,017,620	4,438	2,526	395	1,150,222	145,930	21,283	-	2,342,414	2.12	780

* - Fiscal Year 2003 revenue bonds reported reflects prior period adjustment made in 2004 for the reclassification of the Tobacco Settlement Authority from a business-type activity to a governmental fund type of $629,028.

Personal income and population are based on the calendar year that ends within the fiscal year (See Schedule 10).

STATE OF IOWA
Revenue Bond Coverage
For the Last Ten Fiscal Years

Schedule 9

Governmental Activities - Special Revenue Funds
(Expressed in Thousands)

Tobacco Settlement Authority

	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service Principal	Debt Service Interest	Debt Service Total	Coverage
2000-2001	N/A						
2002	Reported as an Enterprise Fund						
2003	Reported as an Enterprise Fund						
2004	$ 45,762	$ 412	$ 45,350	$ 1,325	$ 35,741	$ 37,066	1.22
2005	46,598	370	46,228	1,490	35,651	37,141	1.24
2006	43,189	2,929	40,260	2,555	38,681	41,236	0.98
2007	45,473	260	45,213	6,755	37,111	43,866	1.03
2008	62,302 *	1,253	61,049	14,700	41,656	56,356	1.08
2009	66,576 *	863	65,713	20,540	45,685	66,225	0.99

* Due to implementation of GASB Statement No. 48, the Tobacco Settlement Authority no longer reports tobacco settlement revenues. All tobacco settlement revenues are reported in the Tobacco Collections Fund and funds are then advanced to the Tobacco Settlement Authority for debt repayment. The amount shown represents the amount advanced and interest income.

N/A - not applicable.

Business-type Activities - University Funds

Residence/Dormitory Building Revenue Bonds

	Gross Revenues	Less: Operating Expenses*	Net Available Revenues	Debt Service* Principal	Debt Service* Interest	Debt Service* Total	Coverage
2000	$ 91,042,319	$ 65,815,359	$ 25,226,960	$ 5,949,000	$ 3,987,713	$ 9,936,713	2.54
2001	100,830,624	73,424,183	27,406,441	6,336,000	5,511,912	11,847,912	2.31
2002	108,617,489	79,402,358	29,215,131	7,096,000	7,244,820	14,340,820	2.04
2003	113,836,368	82,975,088	30,861,280	9,242,000	7,581,644	16,823,644	1.83
2004	112,394,878	83,882,964	28,511,914	8,982,000	9,094,277	18,076,277	1.58
2005	121,230,692	92,438,679	28,792,013	9,187,000	9,714,234	18,901,234	1.52
2006	127,115,908	93,317,780	33,798,128	9,837,000	8,898,019	18,735,019	1.80
2007	136,767,598	99,553,934	37,213,664	10,557,000	8,699,161	19,256,161	1.93
2008	144,556,384	103,375,105	41,181,279	11,027,000	8,502,601	19,529,601	2.11
2009	154,609,512	111,813,708	42,795,804	10,757,000	8,324,753	19,081,753	2.24

Athletic/Multipurpose/Academic Facilities Revenue Bonds

	Gross Revenues*	Less: Operating Expenses*	Net Available Revenues	Debt Service* Principal	Debt Service* Interest	Debt Service* Total	Coverage
2000	$ 134,396,308	$ 5,855,730	$ 128,540,578	$ 8,468,924	$ 6,109,284	$ 14,578,208	8.82
2001	141,551,223	6,799,838	134,751,385	8,723,354	5,885,915	14,609,269	9.22
2002	159,915,402	8,187,961	151,727,441	9,066,560	5,790,003	14,856,563	10.21
2003	188,204,936	8,529,499	179,675,437	9,789,570	5,805,980	15,595,550	11.52
2004	212,906,076	7,632,811	205,273,265	8,231,000	6,368,987	14,599,987	14.06
2005	230,123,925	8,565,778	221,558,147	8,881,284	6,621,553	15,502,837	14.29
2006	242,284,931	9,606,122	232,678,809	7,461,060	7,983,639	15,444,699	15.07
2007	275,740,086	13,620,621	262,119,465	7,866,745	10,269,606	18,136,351	14.45
2008	257,929,215	17,239,350	240,689,865	9,230,704	12,980,293	22,210,997	10.84
2009	280,738,414	19,101,349	261,637,065	9,730,470	13,904,379	23,634,849	11.07

Telecommunications Revenue Bonds

	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service* Principal	Debt Service* Interest	Debt Service* Total	Coverage
2000	$ 14,257,094	$ 9,488,209	$ 4,768,885	$ 835,000	$ 690,303	$ 1,525,303	3.13
2001	18,523,509	11,917,883	6,605,626	875,000	658,095	1,533,095	4.31
2002	17,730,521	13,465,966	4,264,555	1,645,000	1,280,055	2,925,055	1.46
2003	18,616,240	10,897,699	7,718,541	1,715,000	1,287,959	3,002,959	2.57
2004	17,454,242	12,967,506	4,486,736	1,795,000	1,210,320	3,005,320	1.49
2005	17,055,749	11,865,942	5,189,807	2,345,000	1,056,660	3,401,660	1.53
2006	18,124,407	11,808,838	6,315,569	2,430,000	954,733	3,384,733	1.87
2007	19,573,625	13,452,018	6,121,607	2,495,000	880,448	3,375,448	1.81
2008	20,189,573	13,682,608	6,506,965	2,575,000	800,923	3,375,923	1.93
2009	23,322,815	15,652,857	7,669,958	2,655,000	712,809	3,367,809	2.28

(continued on next page)

STATE OF IOWA
Revenue Bond Coverage
For the Last Ten Fiscal Years

Schedule 9

Business-type Activities - University Funds
(continued)

Student Health Facility Revenue Bonds

	Gross Revenues	Less: Operating Expenses*	Net Available Revenues	Debt Service* Principal	Interest	Total	Coverage
2000	$ 4,763,942	$ 3,255,673	$ 1,508,269	$ 395,000	$ 388,253	$ 783,253	1.93
2001	4,896,818	3,484,041	1,412,777	415,000	371,193	786,193	1.80
2002	5,204,381	3,729,121	1,475,260	430,000	352,873	782,873	1.88
2003	5,798,079	3,851,479	1,946,600	450,000	329,363	779,363	2.50
2004	6,303,241	4,524,267	1,778,974	470,000	308,951	778,951	2.28
2005	8,874,465	6,503,983	2,370,482	635,000	431,472	1,066,472	2.22
2006	10,057,427	7,550,254	2,507,173	660,000	403,654	1,063,654	2.36
2007	10,684,451	8,188,148	2,496,303	690,000	375,041	1,065,041	2.34
2008	11,373,942	8,683,764	2,690,178	720,000	344,646	1,064,646	2.53
2009	11,540,097	9,340,002	2,200,095	755,000	311,416	1,066,416	2.06

Utility System Revenue Bonds

	Gross Revenues	Less: Operating Expenses*	Net Available Revenues	Debt Service* Principal	Interest	Total	Coverage
2000	$ 62,856,646	$ 48,076,574	$ 14,780,072	$ 4,060,000	$ 4,318,616	$ 8,378,616	1.76
2001	70,145,668	51,663,023	18,482,645	3,895,000	3,815,558	7,710,558	2.40
2002	88,433,703	70,946,936	17,486,767	4,240,000	3,304,274	7,544,274	2.32
2003	74,477,952	54,174,778	20,303,174	4,435,000	3,795,713	8,230,713	2.47
2004	77,307,581	54,751,123	22,556,458	5,220,000	3,582,466	8,802,466	2.56
2005	82,346,578	59,635,943	22,710,635	5,385,000	4,631,915	10,016,915	2.27
2006	89,162,472	66,672,647	22,489,825	6,955,000	4,339,061	11,294,061	1.99
2007	96,415,258	67,839,688	28,575,570	7,240,000	5,637,412	12,877,412	2.22
2008	104,480,964	73,462,600	31,018,364	8,610,000	7,387,630	15,997,630	1.94
2009	106,149,128	78,194,663	27,954,465	9,790,000	7,966,982	17,756,982	1.57

Parking System Revenue Bonds

	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service* Principal	Interest	Total	Coverage
2000	$ 9,243,734	$ 4,503,851	$ 4,739,883	$ 835,000	$ 234,000	$ 1,069,000	4.43
2001	10,054,770	5,668,553	4,386,217	1,240,000	505,291	1,745,291	2.51
2002	10,049,839	6,296,083	3,753,756	1,275,000	520,620	1,795,620	2.09
2003	14,105,470	8,355,493	5,749,977	1,525,000	715,992	2,240,992	2.57
2004	14,414,350	9,690,321	4,724,029	620,000	660,964	1,280,964	3.69
2005	15,898,523	8,999,412	6,899,111	640,000	1,124,189	1,764,189	3.91
2006	16,825,506	10,732,447	6,093,059	660,000	1,447,224	2,107,224	2.89
2007	18,048,461	10,759,846	7,288,615	1,330,000	1,413,162	2,743,162	2.66
2008	18,412,101	12,234,090	6,178,011	1,375,000	1,365,988	2,740,988	2.25
2009	19,353,717	12,261,108	7,092,609	1,420,000	1,315,068	2,735,068	2.59

Recreational/Regulated Materials Facility Revenue Bonds

	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service* Principal	Interest	Total	Coverage
2000	$ 2,553,134	$ 107,139	$ 2,445,995	$ 845,000	$ 540,517	$ 1,385,517	1.77
2001	2,126,412	157,433	1,968,979	890,000	505,157	1,395,157	1.41
2002	2,265,134	148,239	2,116,895	950,000	470,015	1,420,015	1.49
2003	2,402,496	187,019	2,215,477	990,000	426,098	1,416,098	1.56
2004	3,418,105	151,659	3,266,446	1,045,000	550,568	1,595,568	2.05
2005	3,743,620	155,928	3,587,692	1,395,000	526,944	1,921,944	1.87
2006	3,938,376	154,370	3,784,006	1,460,000	444,998	1,904,998	1.99
2007	4,110,742	74,587	4,036,155	1,520,000	395,866	1,915,866	2.11
2008	5,228,477	2,108,427	3,120,050	1,555,000	344,678	1,899,678	1.64
2009	5,111,901	1,792,045	3,319,856	515,000	1,803,762	2,318,762	1.43

(continued on next page)

STATE OF IOWA
Revenue Bond Coverage
For the Last Ten Fiscal Years

Schedule 9

Business-type Activities - University Funds
(continued)

Memorial/Maucker Union Revenue Bonds

	Gross Revenues*	Less: Operating Expenses*	Net Available Revenues	Debt Service* Principal	Interest	Total	Coverage
2000	$ 23,618,087	$ 22,315,896	$ 1,302,191	$ 375,000	$ 390,400	$ 765,400	1.70
2001	22,370,786	20,948,024	1,422,762	400,000	368,288	768,288	1.85
2002	27,281,164	23,657,013	3,624,151	425,000	483,650	908,650	3.99
2003	30,802,004	26,032,039	4,769,965	900,000	704,088	1,604,088	2.97
2004	30,147,916	28,122,091	2,025,825	1,020,000	672,043	1,692,043	1.20
2005	37,284,842	32,054,721	5,230,121	1,065,000	1,223,435	2,288,435	2.29
2006	38,367,277	30,729,855	7,637,422	1,730,000	1,893,049	3,623,049	2.11
2007	41,138,322	32,164,391	8,973,931	2,095,000	1,982,105	4,077,105	2.20
2008	40,973,448	32,933,033	8,040,415	2,245,000	1,915,530	4,160,530	1.93
2009	39,831,699	32,186,403	7,645,296	2,330,000	1,838,780	4,168,780	1.83

Hospital Revenue Bonds

	Gross Revenues*	Less: Operating Expenses*	Net Available Revenues	Debt Service Principal	Interest	Total	Coverage
2000	$ 535,174,924	$ 462,303,820	$ 72,871,104	$ 3,350,000	$ 855,325	$ 4,205,325	17.33
2001	596,223,771	513,689,055	82,534,716	3,425,000	614,813	4,039,813	20.43
2002	611,814,482	550,263,218	61,551,264	2,500,000	414,775	2,914,775	21.12
2003	618,523,534	555,866,710	62,656,824	2,600,000	537,488	3,137,488	19.97
2004	655,923,770	598,440,433	57,483,337	2,675,000	1,236,139	3,911,139	14.70
2005	715,554,047	622,426,911	93,127,136	560,000	1,142,401	1,702,401	54.70
2006	782,674,749	677,679,749	104,995,000	580,000	1,118,889	1,698,889	61.80
2007	869,929,049	674,660,538	195,268,511	610,000	1,094,345	1,704,345	114.57
2008	930,363,674	748,511,397	181,852,277	635,000	2,325,852	2,960,852	61.42
2009	1,004,736,019	864,668,763	140,067,256	2,065,000	3,313,836	5,378,836	26.04

Center For University Advancement Revenue Bonds

	Gross Revenues*	Less: Operating Expenses	Net Available Revenues	Debt Service* Principal	Interest	Total	Coverage
2000	$ 1,481,951	$ -	$ 1,481,951	$ 730,000	$ 762,520	$ 1,492,520	0.99
2001	1,489,440	-	1,489,440	770,000	733,545	1,503,545	0.99
2002	1,526,453	-	1,526,453	810,000	697,920	1,507,920	1.01
2003	1,494,928	-	1,494,928	850,000	620,353	1,470,353	1.02
2004	1,427,308	30,373	1,396,935	895,000	578,473	1,473,473	0.95
2005	1,160,515	17,726	1,142,789	945,000	533,840	1,478,840	0.77
2006	896,537	-	896,537	530,000	396,475	926,475	0.97
2007	870,275	-	870,275	510,000	376,975	886,975	0.98
2008	904,588	-	904,588	535,000	357,381	892,381	1.01
2009	945,279	-	945,279	560,000	336,850	896,850	1.05

All University Funds pledged revenues consist of charges for services which include room and board fees.

* - Certain amounts have been revised to reflect changes made by the Universities.

Source: Information provided by the Tobacco Settlement Authority and Universities.

STATE OF IOWA
Demographic and Economic Statistics
For the Last Ten Calendar Years

Schedule 10

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Population (*in thousands*)	2,869	2,926	2,923	2,937	2,944	2,954	2,966	2,982	2,988	3,003
Personal income (*in millions*)	$ 73,500	$ 78,200	$ 79,753	$ 83,051	$ 85,506	$ 90,289	$ 95,858	$ 99,112	$ 104,651	$ 110,135
Per capita personal income	$ 25,619	$ 26,726	$ 27,285	$ 28,277	$ 29,044	$ 30,565	$ 32,315	$ 33,236	$ 35,023	$ 36,680
Resident civilian labor force and employment (*annual averages*)										
Civilian labor force (*in thousands*)	1,574.3	1,563.0	1,587.8	1,667.5	1,612.3	1,623.8	1,659.8	1,664.3	1,661.0	1,676.0
Resident employment (*in thousands*)	1,534.1	1,522.1	1,534.8	1,600.7	1,540.1	1,545.4	1,584.1	1,602.8	1,598.3	1,607.0
Resident unemployed (*in thousands*)	40.2	40.9	53.0	66.8	72.2	78.4	75.7	61.5	62.7	69.0
Percent unemployed	2.6	2.6	3.3	4.0	4.5	4.5	4.6	3.7	3.8	4.1
Employment by industry, non-agricultural (*in thousands)*										
Construction	68.0	66.0	66.2	66.3	66.6	68.4	71.2	74.8	72.5	73.0
Manufacturing	252.8	251.5	240.2	227.5	220.0	222.9	229.5	230.9	229.4	227.8
Trade, transportation and utilities	313.6	315.8	311.3	304.9	303.1	305.6	306.8	308.6	308.8	309.2
Information	38.7	40.4	37.4	35.2	33.7	33.5	33.3	32.8	33.5	33.3
Financial activities	89.0	89.7	92.0	94.0	95.4	96.7	98.3	100.6	102.6	102.9
Professional and business	106.7	107.6	107.3	105.7	105.2	107.2	112.6	117.0	120.9	121.5
Education and health	178.0	181.9	185.4	188.0	189.8	191.4	195.3	199.0	202.3	206.7
Leisure and hospitality	126.0	125.5	124.1	124.5	125.5	127.6	129.6	132.7	136.7	135.3
Other services	56.4	56.8	56.3	56.8	56.2	56.3	56.2	56.6	57.7	57.7
Government	239.5	243.3	245.2	244.2	244.8	244.3	245.5	247.3	249.7	252.7
Total non-agricultural employment	1,468.7	1,478.5	1,465.4	1,447.1	1,440.3	1,453.9	1,478.3	1,500.3	1,514.1	1,520.1

Source: U.S. Department of Commerce, Bureau of Economic Analysis and Iowa Workforce Development, Labor Market Information Unit in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Note: Employment by industry for calendar years 1999 through 2001 have been revised to conform to the new reporting categories implemented in 2002.

STATE OF IOWA
Principal Non-governmental Employers
Prior Calendar Year and Nine Years Ago

Schedule 11

CALENDAR YEAR 2008

Rank	Employer	Type of Business
1	Hy-Vee Food Stores, Inc.	Retail Food
2	Wal-Mart Stores, Inc.	Retail General Merchandise
3	Deere and Company	Machinery Manufacturing
4	Rockwell Collins, Inc.	Machinery Manufacturing
5	Wells Fargo Bank NA	Finance
6	Principal Life Insurance Company	Insurance
7	Tyson Fresh Meats Inc.	Manufacturing
8	Fareway Food Stores, Inc.	Retail Food
9	Iowa Health Systems	Health Services
10	Mercy Medical Center	Health Services

CALENDAR YEAR 1999

Rank	Employer	Type of Business
1	Hy-Vee Food Stores, Inc.	Retail Food
2	Wal-Mart Stores, Inc.	Retail General Merchandise
3	John Deere Manufacturing	Machinery Manufacturing
4	Rockwell Collins, Inc.	Machinery Manufacturing
5	Principal Life Insurance Company	Insurance
6	Iowa Beef Processors, Inc.	Meat Packing
7	APAC Customer Services Inc.	Telemarketing
8	Pella Corporation	Maufacturing
9	Fareway Stores, Inc.	Retail Food
10	Central Iowa Hospital Corporation	Health Services

The Code of Iowa defines employee counts as confidential data; as such, this information is not available.

Source: Iowa Workforce Development

STATE OF IOWA
Significant Classes of Assets by Function
Capital Intensive Departments Only
For the Last Eight Fiscal Years

Schedule 12

	2002	2003	2004	2005	2006	2007	2008	2009
ADMINISTRATION & REGULATION								
Department of Administrative Services								
Land (acres)	133	133	133	133	133	133	133	133
Buildings & improvements (square footage)	1,210,406	1,210,406	1,210,406	1,210,406	1,210,406	1,433,865	1,443,917	1,472,729
Machinery & equipment	612	556	594	619	580	574	594	576
Alcoholic Beverages Division								
Land (acres)	15	15	15	15	15	15	15	15
Buildings & improvements (square footage)	181,996	181,996	181,996	181,996	181,996	181,996	181,996	181,996
EDUCATION								
Iowa Public Television								
Land (acres)	27	27	27	37	131	131	211	211
Buildings & improvements (square footage)	119,800	119,800	119,800	119,800	119,800	119,800	119,800	62,000
Machinery & equipment	524	532	544	583	572	580	578	983
Iowa Braille and Sight Saving School								
Land (acres)	70	70	70	70	70	70	70	70
Buildings & improvements (square footage)	190,612	190,612	190,612	190,612	190,612	190,612	190,612	190,612
Iowa School for the Deaf								
Buildings & improvements (square footage)	342,426	407,426	407,426	407,426	407,426	407,426	407,426	407,426
HEALTH & HUMAN RIGHTS								
Department for the Blind								
Buildings & improvements (square footage)	98,606	98,606	98,606	98,606	98,606	98,606	98,606	98,606
Machinery & equipment	221	221	221	221	221	211	229	264
Veterans Home								
Land (acres)	158	158	158	158	258	258	158	158
Buildings & improvements (square footage)	742,041	742,041	742,041	742,041	742,041	742,041	736,534	736,534
Machinery & equipment	182	217	218	225	218	239	241	250
Department of Public Health								
Machinery & equipment	205	249	278	311	335	368	358	336
HUMAN SERVICES								
Department of Human Services & Institutions								
Land (acres)	2,824	2,825	2,825	2,825	2,825	2,825	2,872	2,872
Buildings & improvements (square footage)	4,240,760	4,240,760	4,240,760	4,240,760	4,215,068	4,215,068	4,189,372	4,187,685
Machinery & equipment	1,311	1,318	1,404	1,377	1,424	1,562	1,617	1,734

(continued on next page)

STATE OF IOWA
Significant Classes of Assets by Function
Capital Intensive Departments Only
For the Last Eight Fiscal Years
(continued)

Schedule 12

	2002	2003	2004	2005	2006	2007	2008	2009
JUSTICE & PUBLIC DEFENSE								
Department of Corrections & Correctional Facilities								
Land (acres)	1,951	1,951	1,932	1,985	1,872	2,112	2,112	2,112
Buildings & improvements (square footage)	3,316,668	3,391,719	3,392,487	3,873,806	3,101,404	3,786,838	3,922,016	3,930,180
Machinery & equipment	918	1,052	1,070	1,089	1,111	1,304	1,387	1,434
Judicial Districts								
Land (acres)	53	54	52	52	54	54	55	72
Buildings & improvements (square footage)	477,591	477,591	477,591	477,591	477,591	525,638	525,638	525,638
Machinery & equipment	303	310	301	317	294	296	298	297
Department of Public Defense								
Land (acres)	2,714	2,712	2,709	2,699	2,694	2,688	2,688	2,688
Buildings & improvements (square footage)	2,204,260	2,208,477	2,272,103	2,266,807	2,432,404	2,453,389	2,484,110	2,494,278
Machinery & equipment	158	257	288	278	323	327	350	330
Department of Public Safety								
Land (acres)	79	79	79	79	79	87	59	60
Buildings & improvements (square footage)	132,162	132,162	132,162	132,162	132,162	132,162	149,303	153,660
Machinery & equipment	1,415	1,505	1,406	1,415	1,471	1,420	1,416	1,495
ECONOMIC DEVELOPMENT								
Iowa Workforce Development								
Buildings & improvements (square footage)	129,822	129,822	129,822	129,822	129,822	129,822	129,822	129,822
Machinery & equipment	N/A	379	354	332	328	331	289	297
TRANSPORTATION								
Department of Transportation								
Land (acres)	10,670	10,344	9,886	8,840	8,161	8,256	7,568	7,199
Buildings & improvements (square footage)	2,221,587	2,213,811	2,189,403	2,224,961	2,279,725	2,293,725	2,311,895	2,320,784
Highway lane miles	233,181	233,380	233,558	234,039	234,451	235,471	235,821	235,999
Heavy equipment	5,122	4,801	4,926	5,048	5,114	5,326	5,385	5,550
Machinery & equipment	2,742	2,866	2,927	2,854	2,972	2,951	3,083	3,275
AGRICULTURE & NATURAL RESOURCES								
Department of Natural Resources								
Land (acres)	331,198	331,198	331,198	331,198	331,198	335,735	339,541	162,859
Buildings & improvements (square footage)	578,906	578,906	578,906	578,906	578,906	582,401	603,161	634,149
State parks	71	71	71	71	71	71	71	71
Wildlife management areas	20	20	20	20	20	20	20	20
Machinery & equipment	2,111	2,111	2,111	2,111	2,111	2,124	2,355	2,472

Source: Information provided by the Departments.

STATE OF IOWA

Operating Indicators by Function

Schedule 13

For the Last Eight Fiscal Years or as Identified

	2002	2003	2004	2005	2006	2007	2008	2009
ADMINISTRATION & REGULATION								
Department of Administrative Services								
State employees covered by benefit plans	18,908	18,493	18,885	18,873	19,382	19,747	20,299	20,630
Number of State payroll warrants processed*	509,412	498,577	510,463	510,558	524,984	534,237	549,932	558,438
EDUCATION								
Department of Education								
Enrollment:								
Public schools	489,523	487,021	485,011	483,335	483,105	482,584	480,609	477,019
Universities	70,661	71,521	70,566	68,949	67,896	67,701	69,178	70,325
Community colleges	68,790	73,947	78,292	81,803	82,499	84,961	87,072	88,104
HEALTH & HUMAN RIGHTS								
Department for the Blind								
Number of clients served	15,205	8,603	9,089	9,090	8,006	8,204	7,204	8,239
HUMAN SERVICES								
Department of Human Services								
Average number of residents/patients	1,322	1,228	1,229	1,176	1,168	1,136	1,105	1,070
Average number of Medicaid recipients	245,781	263,690	281,212	297,376	297,000	317,169	306,000	330,286
JUSTICE & PUBLIC DEFENSE								
Department of Corrections								
Average number of inmates	8,064	8,375	8,547	8,547	8,721	8,752	8,765	8,712
ECONOMIC DEVELOPMENT								
Department of Economic Development								
Number of community development block grants/home projects funded	131	118	116	115	110	117	104	61
Iowa Workforce Development								
Number of unemployment claims accepted (**calendar year**)	111,411	113,570	88,976	91,540	92,610	91,367	126,309	INA
Unemployment insurance regular benefits paid (**in millions, calendar year**)	366.7	381.5	312.5	296.3	312.9	329.6	421.5	INA
TRANSPORTATION								
Department of Transportation								
Automobile driver licenses issued	877,057	1,016,478	1,196,564	1,002,548	864,514	709,590	938,192	1,153,422
Vehicles weighed (**in thousands, federal fiscal year**)	INA	1,012	1,005	964	921	595	534	441
AGRICULTURE & NATURAL RESOURCES								
Department of Natural Resources								
Hunting & fishing licenses issued	1,542,832	1,571,435	1,366,087	1,368,624	1,378,487	1,372,423	1,305,779	1,374,122

* - Centralized State Payroll system only - excludes the Universities, Department of Transportation, Judicial Districts and certain other departments.
INA - Information not available.

Source: Information provided by Departments.

STATE OF IOWA

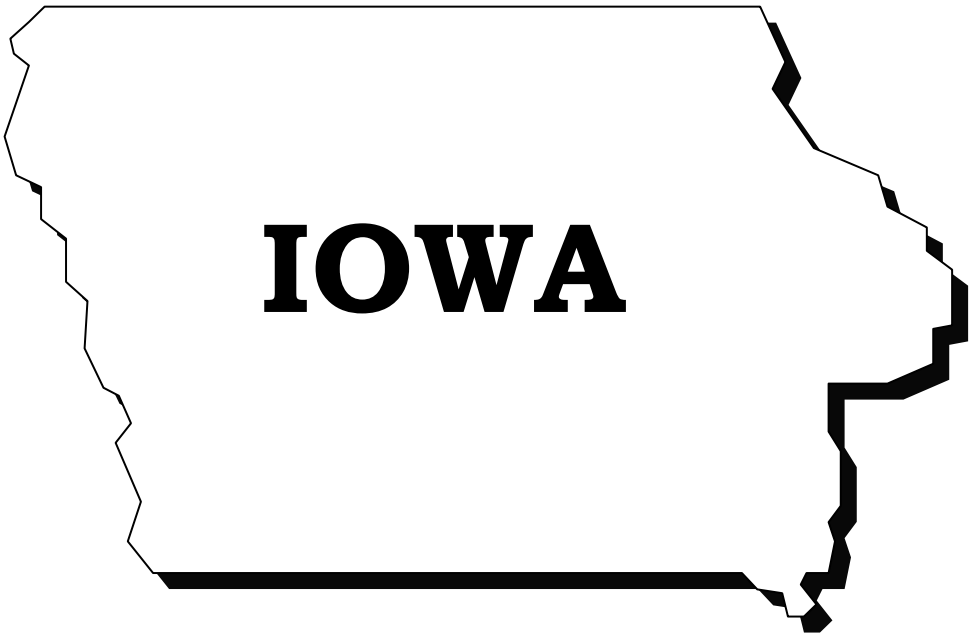
Number of Employees - Primary Government

For the Last Eight Fiscal Years

Schedule 14

	2002	2003	2004	2005	2006	2007	2008	2009
Administration & regulation	2,122	2,006	2,022	2,040	2,101	2,147	2,167	2,254
Education	1,169	1,120	1,152	1,165	1,166	1,117	1,107	1,147
Health & human rights	1,726	1,710	1,769	1,793	1,851	1,878	1,931	1,976
Human services	5,689	5,290	5,381	5,496	5,676	5,982	6,060	6,224
Justice & public defense	7,991	7,521	7,629	7,546	7,685	7,854	8,119	8,247
Economic development	1,016	986	1,003	973	962	929	961	998
Transportation	3,828	3,404	3,311	3,355	3,338	3,190	3,257	3,311
Agriculture & natural resources	1,547	1,449	1,548	1,534	1,578	1,607	1,635	1,689
Universities	38,060	39,343	39,023	38,302	36,474	37,137	37,842	39,003
Other enterprise funds	316	297	300	309	300	298	302	310
Total primary government	63,464	63,126	63,138	62,513	61,131	62,139	63,381	65,159

Source: Department of Administrative Services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STATE OF IOWA

Schedule of Current Expenditures - General Fund

Year Ended June 30, 2009

(Expressed in Thousands)

Schedule 15

	Personal Services	Travel & Subsistence	Supplies	Contractual Services	Equipment & Repairs	Claims & Miscellaneous	Licenses Permits & Refunds	State Aid	Plant Improvement	Adjustments	Total Current Expenditures
Administration & regulation	$ 142,633	$ 6,430	$ 5,744	$ 44,081	$ 7,459	$ 345,161	$ 85	$ 186,507	$ 32,981	$ 470,094	$ 1,241,175
Education	71,655	1,646	5,512	37,557	9,686	4,267	21	3,287,285	1,541	(16,567)	3,402,603
Health & human rights	115,312	2,014	12,630	231,094	3,970	393	18	67,732	861	(4,379)	429,645
Human services	399,624	6,386	22,937	158,882	13,047	3,040	15	4,113,415	17	(91,445)	4,625,918
Justice & public defense	527,644	11,617	38,827	132,384	15,702	5,336	88	308,607	42,946	57,861	1,141,012
Economic development	72,885	1,726	3,114	58,985	2,374	11,579	3	146,132	-	36,619	333,417
Transportation	229,039	30,771	51,768	104,193	14,673	129,096	110	46,599	797,186	(932,419)	471,016
Agriculture & natural resources	109,352	6,520	7,432	46,757	4,070	1,072	11	21,108	23,912	(31,455)	188,779
Total primary government	$ 1,668,144	$ 67,110	$ 147,964	$ 813,933	$ 70,981	$ 499,944	$ 351	$ 8,177,385	$ 899,444	$ (511,691)	$ 11,833,565

Source: State Financial Accounting System, Judicial Districts financial statements, Iowa School for the Deaf and Iowa Braille and Sight Saving School financials and adjusting journal entries from GAAP packages.

A C K N O W L E D G M E N T S

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